

# RESIDENTIAL DEMAND ANALYSIS

SEDALIA DOWNTOWN MARKET AREA

CITY OF SEDALIA, MISSOURI  
PETTIS COUNTY

June 24, 2008



**D·R·E·A·M**  
I N I T I A T I V E



# ACKNOWLEDGMENTS



DOWNTOWN REVITALIZATION AND ECONOMIC ASSISTANCE FOR  
MISSOURI (DREAM) PROGRAM SPONSORS:



PLANNING CONSULTANT



PREPARED BY  
MISSOURI HOUSING DEVELOPMENT COMMISSION

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## Table of Contents

<u>Section</u>	<u>Page</u>
USPAP Required Information .....	1
I. Executive Summary .....	3
II. Area of Study .....	7
III. Review of Previous Market Studies.....	21
IV. Demographic, Housing, HISTA, and Migration Statistics.....	23
V. Employment and Economy .....	41
VI. Identification of Primary and Secondary Market Areas .....	45
VII. Potential Residential Downtown Housing Demand .....	55
• Affordable Senior Rental Housing Demand Analysis .....	60
• Affordable Family Rental Housing Demand Analysis .....	64
• Market Rate Rental Housing Demand Analysis.....	68
• Existing Housing Options .....	72
• Home Ownership Housing Demand Analysis .....	93
• Housing Production Considerations and Financing .....	96
VIII. Assumptions and Limiting Conditions.....	99
IX. Appraisers Certification .....	101

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## USPAP Required Information

The following information is required to comply with the Uniform Standards of Professional Appraisal Practice (USPAP).

### **Intended Use of Report**

The intent of this report is to assist the community of Sedalia in its effort to revitalize its downtown area through the DREAM Initiative by analyzing the possible demand for housing that would support that effort.

### **Intended Users of Report**

The intended users of this report are Missouri Housing Development Commission (Employer), the City of Sedalia, Peckham, Guyton, Albers & Viets, Missouri Development Finance Board, and Missouri Department of Economic Development.

### **Analysis, Recommendation, or Opinion to be Developed**

The analysis, recommendations, or opinions will include the following:

- A review of previous housing market studies or consumer surveys;
- Identification of Primary and Secondary Market Areas
- Identification of existing housing inventory and competitive locations;
- Demographic analysis for the area;
- Economic profile of the market;
- Opinion of present and future housing demands;
- Recommendations regarding the size of the residential demand pool for residential units in the Downtown Market Area of Sedalia that could complement the downtown revitalization efforts.

### **Effective Date of the Report**

The effective date of the report is January 23, 2008.

### **Physical, Legal, and Economic Characteristics of the Market Area**

The physical, legal, and economic characteristics of the market area are as described in the DREAM application submitted by the community and as further delineated in this report.

### **Extraordinary Assumptions**

In preparing this report the appraiser has relied on various physical, economic, and demographic data and information from various sources, including market studies submitted to MHDC from other analysts, and believes the information to be to be credible, reliable, and critical to the preparation of this report.

### **Scope of Work**

The scope of work necessary to prepare this report is as follows:

- Physical survey of the area that is the subject of the report;
- Physical survey of existing housing options in the market;
- Economic survey and competitive analysis of existing housing options in the market;
- Obtain and review general and historical information about the market;
- Obtain and review any housing related studies prepared for the market;
- Obtain and review any current information regarding activities in the market that could affect the marketability of housing;
- Obtain and analyze demographic information for the primary and secondary market areas;
- Estimate the current and future household demand in the primary market area that would be attracted to housing options in the downtown Sedalia market area;
- Prepare a target market analysis for affordable, market rate, and for-sale housing in the primary market area for family and senior households;

## SECTION I

### EXECUTIVE SUMMARY

The purpose of this market study is to quantify the potential residential demand in downtown Sedalia, Missouri that would complement the overall revitalization efforts of the downtown area. The analysis will consider the projected change in the number of households in the market, migration patterns of new households to the market, mobility patterns of existing households, and the profile of households that would be the likely target group for residential units in the downtown area.

Some of the conclusions of the report are as follows:

- A baseline assessment of the current residential conditions in and around the downtown revitalization area is that at the present time housing options are very limited. There are older single family homes on the periphery of the area. Most are in fair condition. There are also some occupied units on the upper floors of some of the commercial buildings downtown, but only a very small number. Some of these units are occupied by artists in live/work situations along what's known as Artist Row, along Main Street. There are no readily apparent signs that any rental or for sale residential units are currently being marketed in the downtown area.
- Like many downtown areas around the country the downtown area of Sedalia has gone through a period of decline where people and businesses have moved outward to other areas of the community. The revitalization of the downtown area will require a reversal of that trend and will need to start with increasing the 24-hour people presence in the area.
- The residential production in the downtown area, like many other communities may have to be driven by affordable rental housing. At the present time the downtown area has little market demand, which limits the rents and home prices that can be commanded in the market.
- The housing complement to the downtown revitalization efforts will probably be a stepped process that will begin with either family and senior affordable housing (or both), then market rate rental housing, and then, homeownership, as the downtown area proves itself to be a desirable place to live, either in the form of small homes, townhomes, condos, or lofts.
- A growing and diverse residential market in the downtown market area of Sedalia will help to support and attract existing and new businesses to downtown and increase the tax base of the area.
- At the present time all of the rental markets in Sedalia (affordable family, affordable senior, market rate family, market rate senior) seem to have strong occupancy, and in some cases waiting lists. Some of the excess demand can be served by housing in the downtown market area. Developments of good quality should be able to capture a large portion of the available household demand.

- At the present time the home ownership market in Sedalia has slowed, as in most parts of the country. When the housing market rebounds and the downtown residential housing market begins to grow, new and different home ownership choices that can be created in downtown that generally would not be available in other parts of the city (townhouses, lofts, live/work spaces), should be marketable to young, small households, and eventually to older empty nesters.
- Local Realtors and property managers have indicated that military households from nearby Whiteman Air Force Base make up approximately 25-30% of the market.
- A significant opportunity exists to use some of the lower and upper floor space of existing commercial buildings and some of the vacant and underutilized land in the downtown area for residential purposes.
- The city should completely review its zoning and building codes to try to ensure that they do not present a barrier to residential production in the downtown market area. Building codes should not require existing building renovations to meet standards for new construction and zoning should allow more high density residential developments.
- The city should consider requiring owners of commercial buildings in the downtown area to provide window treatment on the upper floor windows to eliminate the detrimental “vacant unit look.”
- Some things the city should consider in order to help with downtown residential development are:
  - to donate land or make it available below market,
  - use its powers of eminent domain,
  - assist developers with land assemblage,
  - provide parking for downtown residential developments,
  - consider special districts for sales and income tax waivers, and real estate tax abatement,
  - consider reducing or waiving construction related fees,
  - consider fast tracking the permit approval process,
  - consider assisting developers with demolition and remediation costs, if necessary, and
  - consider forming public/private partnerships with developers as a catalyst for downtown residential development.
- A quantitative analysis of the period between 2007 and 2012 indicates that the downtown area of Sedalia could have a potential annual demand for 41 limited income senior households for affordable senior rental housing in the downtown market area of Sedalia. The demand could be higher if developments will have rental subsidy.
- A quantitative analysis of the period between 2007 and 2012 indicates that the downtown area of Sedalia could have a potential annual demand for 52 limited income households for affordable family rental housing in the downtown market area of Sedalia.

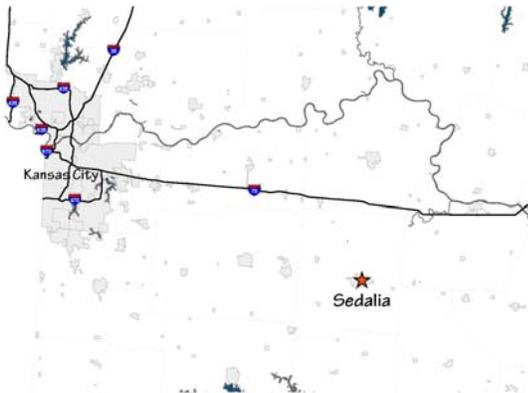
- A quantitative analysis of the period between 2007 and 2012 indicates that the downtown area of Sedalia could have a potential annual demand for 53 moderate income households for market rate rental housing in the downtown market area of Sedalia.
- A quantitative analysis of the period between 2007 and 2012 indicates that the downtown area of Sedalia could have a potential annual demand for 6 households for home ownership in the downtown market area of Sedalia.
- An increase of available housing units could positively impact the population growth of the City as the limitation on available residential units may be hampering growth.

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## SECTION II

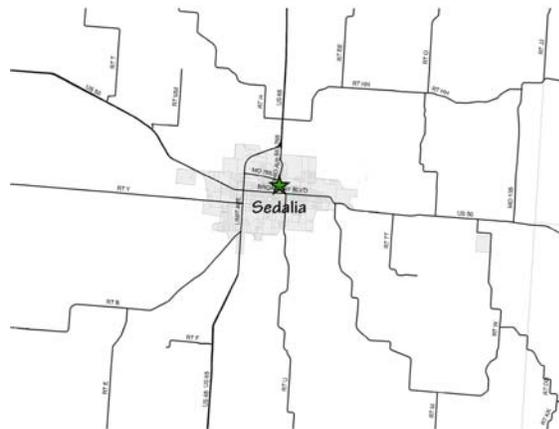
### AREA OF STUDY

The area of study is the downtown area of Sedalia, Pettis County, Missouri. The following maps show the location of the city within the state, the primary traffic arteries through the city, the general area of the study within the city, and the specific boundaries of the downtown market area that is the subject of this report.



Sedalia is located in the west-central part of the state, approximately 100 miles east of the city of Kansas City.

The primary traffic arteries through the city of Sedalia are U.S. Highway 50 (east-west) and U.S. Highway 65 (north-south).





The downtown area of Sedalia is located north of U.S. Highway 50 (Broadway Boulevard).

Like many downtown areas, Sedalia's is the center of government. In addition to the municipal government offices, Sedalia's downtown is the location of the county government offices of Pettis County. The downtown area also contains many businesses that are associated with government (attorney's offices, title companies, etc.). The downtown area also contains banks, libraries, a post office, places of worship, and other civic entities, retail and professional service businesses, and a small number of residential units.

The Ohio Avenue corridor from Broadway Avenue on the south to Main Street on the north is generally identified as the primary downtown artery. The street is lined with many historically and architecturally significant buildings and has a mild bend in the road between Broadway and Main Street, which adds to the character of the area. Most of the buildings contain two or three levels, but a few contain more. This area appears to have been the primary shopping area in Downtown Sedalia.



Much of the street level commercial space appears to be occupied by small businesses, but a noticeable number of vacancies do exist. Most of the upper floor spaces appear to be vacant.

Another significant downtown artery is Main Street, which runs from east to west and is at the northern edge of downtown. It is lined with brick commercial buildings, which appear to have been used for businesses associated with the community's rich railroad and agricultural past. In addition to buildings that appear to have been used for warehousing and small manufacturing, some of the buildings were used for small retail and service businesses. Some of those uses continue today.

The Main Street area also contains a section known as "Artists Row", a section of buildings being used as artist live/work studios. The buildings contain studios and small art galleries on the street level and residential units on the upper levels.

Another significant street in the downtown area is 3rd Street, which also runs from east to west. This street is significant because it provides a linkage between the heart of the downtown area and the historic Katy Railroad Depot that has been restored. The depot is a tourist attraction for the area.

The downtown area has been replaced by Broadway Avenue (U.S. Highway 50) and Limit Avenue (U.S. Highway 65) as the primary retail and service areas, but the downtown area is located in close proximity to those areas, which allows businesses and occupants of the downtown to enjoy the nostalgic feel of Sedalia's past, which the downtown offers, but also to be located in close proximity to typical neighborhood services and amenities.

The downtown area does not contain a large number of residential units. There are some single family and small multifamily units on some of the streets that make up the outer rings of the downtown area, and a few residential units on the upper floors of some of the commercial buildings along Ohio Avenue, Main Street, and 3rd Street. Some of the single family homes are well maintained, but it appears that most are suffering from deferred maintenance. The poor condition of some of the residences is probably due to the economic decline of the area over time, causing many owners to lose interest in improving their properties.

In years gone by the upper floors of some of the commercial buildings provided many small households with residential opportunities in downtown. As times changed and the downtown area of Sedalia changed those upper floor spaces, like in many cities, lost their appeal in the residential market. With the resurgence of downtown areas across America, there is a renewed interest in these upper floor areas of older commercial buildings, which are being improved as "loft style" residential units. This is occurring in buildings that previously contained residential units as well as buildings that are being converted to a new life as residential space.

Sedalia has a great opportunity to utilize the vacant and underutilized building space in addition to vacant and underutilized improved land in its downtown area to create new and unique housing options that don't currently exist in the market.

In order for the downtown area to become an area that attracts permanent residents it first has to become an area that does a better job of attracting people in general. A “critical mass” of pedestrian scale uses that include a complex mix of businesses and attractions must be present to attract people to the area. Downtown Sedalia has the potential to create something special in its downtown area. The area already has some historical attractions and is a very walkable area. Surveys have shown that 30% to 50% of all households in a metropolitan area surveyed want walkable urbanity.

The existing downtown area of Sedalia is like a blank canvas. Although there are some businesses its true culture has yet to be defined. Efforts are already underway on Main Street where Artist’s Row is located to establish an art culture in the area. At this point it is possible to continue to expand on that culture in other parts of the downtown (Ohio Avenue, Third Street, Main Street to the west), or to develop another type of culture, such as more adult entertainment, eating establishments, tourist attractions, or venues that would attract more senior households.



Pettis County Courthouse and  
Bothwell Hotel from 7th and Ohio

Trust Building at 6th and Ohio





Commerce Building at 3rd and Ohio

Looking north down  
Ohio Avenue from 4th  
Street





Street Scene near 5th and Ohio



Bothwell Hotel and street scene near 4th and Ohio



Katy Depot at 3rd and Thompson



West bound Amtrak train on tracks just north of Main Street near Ohio



Artist's Row on Main Street

Typical downtown buildings with small commercial business on lower level and space on upper floors that can be used for residential purposes





Street scene near  
6th and Ohio

Typical street scene  
near 5th and Ohio





Building near 2nd and Ohio that is being renovated for residential use on upper floors

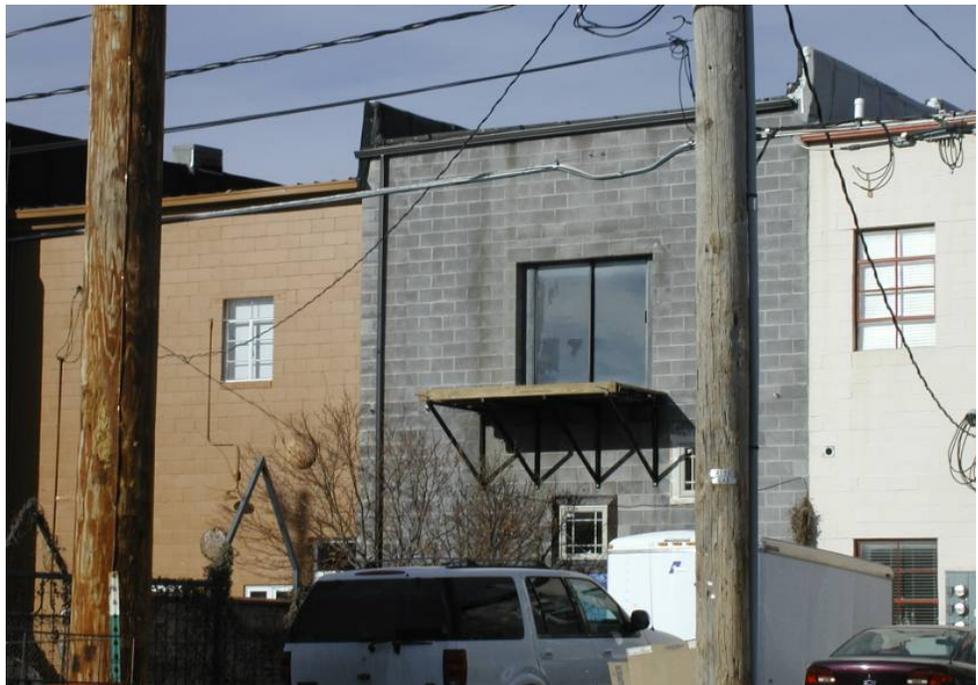
Street Scene looking east down Main Street near Moniteau





Street scene looking west down Main Street from Ohio Avenue

Upper space of building along Artist's Row being renovated for residential purposes





Residential Space on  
upper floor of  
commercial building  
along Artist's Row

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## SECTION III

### REVIEW OF PREVIOUS HOUSING MARKET STUDIES

Following are points from studies or reports that were prepared for the city of Sedalia that relate to housing in the downtown market area:

*A Development Plan for Downtown Sedalia Missouri  
April 1980*

- Where possible, new residential construction should be introduced.
- A townhouse project was proposed in the area bounded by Lamine, Third Street, Washington Avenue, and Main Streets. That development was never built. Approximately 100 units were proposed.
- The plan suggests that a one-half block area be cleared for the construction of a high-rise elderly housing facility from six to eight floors.

*Redevelopment Plan for Downtown Sedalia  
July, 2006*

- Identify changes to City Codes to eliminate provisions that make reuse of a property cost-prohibitive.
- The downtown redevelopment area as described in this report indicates that the area has 209 buildings, and that 53 of them are either vacant or under-utilized, and that 18 of them contain residences.
- Upper floor usage is minimal with a total of 534,075 square feet of usable second floor space, of which approximately 337,000 square feet is under-utilized or vacant. The potential for converting these second floor spaces to living quarters is vast. As second floor space is converted to living space in the form of apartments and lofts the economic density of downtown increases, providing added support to the retail in the downtown.
- Assuming 1,000 square feet per dwelling unit, 80 residential units could be added in the under-utilized commercial space in the first phase, but consideration should be given to parking and trash removal.
- Within the downtown area there are approximately 120 residential structures. A windshield survey indicated that most have some visible signs of deterioration and could use some repairs.
- The City should evaluate whether to make changes to the zoning laws in the downtown area that allow single-family homes to be subdivided into multiple residential structures.

- The light residential use in the area begins the process of making downtown a 24 hour destination. Developers have shown interest in renovating the upper floors for empty nesters, young urbanites, and senior households.
- Because of the increasing focus on art in the community efforts should be made to draw artists to Sedalia to reside in affordable downtown loft style units, or live/work studios.
- Ensure that community housing assessments and plans take into consideration potential for residential units in the downtown.

*The Sedalia CHAT Report  
August, 2006*

- Approximately 264 owner-occupied units with prices below \$130,000 should be developed between 2005 and 2015.
- Approximately 152 rental units with rents below \$700 will be in demand between 2005 and 2015..
- Some adaptive reuse activity, new retailing, and entertainment establishments are emerging in the downtown area, but a critical revitalization mass is still in the future.
- A combination of good health care, community amenities, institutions, and other features has made Sedalia an attractive retirement community.
- Contemporary housing that provides working households with an entry into Sedalia's equity market is in short supply.
- Over 50% of new owner-occupied housing should be in a price range below \$130,000, and about 25% should have an effective price under \$100,000.
- Infill development, the good maintenance of the public housing units, and the historic rehab of the Hubbard School in the near downtown neighborhood on the north and east side of Sedalia can have positive impact.
- Upper level residential development in the downtown area is a strong possibility, but the amount of available space exceeds the size of the current market.
- A revitalized downtown can become an image center that will increase the value of property in the entire city.
- There have been few senior oriented developments built in Sedalia of attached housing that are maintenance provided, that have been popular with older adults.
- The housing industry is not meeting the large demand for workforce housing.
- Create a project financing program to coordinate all available funding sources toward targeted downtown rehab efforts.
- Audit city codes that may discourage adaptive reuse for housing.

## SECTION IV

### DEMOGRAPHIC, HOUSING, HISTA, AND MIGRATION STATISTICS

In this section of the report is population, household, income, and housing demographic data in the market area of Sedalia, Missouri. The following information was obtained from the United States Census Bureau, U.S. Department of Agriculture, the Sedalia County Board of Realtors, and several national proprietary data providers, including Applied Geographic Solutions, and Claritas.

**Table 1----Total Population**

The table illustrates total population in Sedalia from 1990 through 2012.

Total Population						
Year	Sedalia	Annual Change %	Pettis County	Annual Change %	Missouri	Annual Change %
1990	19,364		35,437		5,117,083	
2000	20,339	0.5%	39,403	1.1%	5,595,211	0.9%
2007	20,518	0.1%	40,505	0.5%	5,870,906	0.8%
2012	20,710	0.2%	41,345	0.4%	6,053,252	0.6%

Source: Claritas

The population of Sedalia increased slightly between 1990 and 2000 and the positive growth trend is expected to continue through 2012.

**Table 2----Population by Age**

The table illustrates population by age in Sedalia from 1990 through 2012.

Population By Age Group - Sedalia				
Age Cohort	1990	2000	2007	2012
0-19	27%	28%	26%	26%
20-24	7%	8%	8%	8%
25-34	16%	13%	14%	14%
35-54	22%	26%	25%	24%
55-64	10%	8%	10%	11%
65-74	10%	8%	8%	8%
75-84	7%	6%	7%	6%
85+	2%	2%	3%	3%

Source: Applied Geographic Solutions, MHDC

The table indicates that the largest age cohorts in the community are 0-19 years of age and 35-54 years of age. These age groups are expected to remain the largest through 2012.

**Table 3----Median Age of Population**

The table illustrates the median age in Sedalia from 1990 through 2012.

Total Population Median Age - Sedalia	
Year	Median Age
1990	35.5
2000	35.6
2007	36.3
2012	36.8

Source: Applied Geographic Solutions, MHDC

The table illustrates that between 1990 and 2000 the median age of the population generally did not change, but from 2000 to 2012 is projected to increase.

**Table 4----Population by Gender**

The table below illustrates population by gender in Sedalia from 1990 through 2012.

Population By Gender - Sedalia				
Gender	1990	2000	2007	2012
Male	47%	47%	48%	48%
Female	53%	53%	52%	52%

Source: Applied Geographic Solutions, MHDC

The table illustrates that the past population gender distribution that included a majority of females is expected to remain the same through 2012.

**Table 5----Total Households**

The table below illustrates total households in Sedalia from 1990 through 2012.

Total Households - Sedalia		
Year	Households	Annual Change
1990	8,249	-
2000	8,628	0.5%
2007	8,629	0.0%
2012	8,679	0.1%

Source: Applied Geographic Solutions, MHDC

The table indicates that since 1990 the trend in Sedalia has been an increase in the number of households and that trend is expected to continue through 2012.

**Table 6----Average Household Size**

The table below illustrates average household size in Sedalia from 1990 through 2012.

Average Household Size - Sedalia	
Year	Average
1990	2.32
2000	2.32
2007	2.29
2012	2.27

Source: Applied Geographic Solutions, MHDC

Average household size is a statistical average calculated by dividing the number of persons living in households by the number of households (which is the same as occupied housing units). The previous table illustrates that the average size of households in the city has been on a decline since 2000 and is projected to continue through 2012.

**Table 7----Households by Size**

The table below illustrates households by size in Sedalia from 1990 through 2012.

Households By Size - Sedalia								
Household Size	1990		2000		2007		2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1 Person	2,591	31.4%	2,832	32.8%	2,862	33.2%	3,003	34.6%
2 Persons	2,815	34.1%	2,839	32.9%	2,913	33.8%	3,038	35.0%
3 Persons	1,308	15.9%	1,323	15.3%	1,272	14.7%	1,379	15.9%
4 Persons	950	11.5%	985	11.4%	946	11.0%	811	9.3%
5 Persons	391	4.7%	431	5.0%	387	4.5%	280	3.2%
6 Persons	128	1.6%	148	1.7%	155	1.8%	102	1.2%
7+ Persons	66	0.8%	70	0.8%	94	1.1%	66	0.8%
Total	8,249	100%	8,628	100%	8,629	100%	8,679	100%

Source: Applied Geographic Solutions, MHDC

The table shows that in Sedalia the trend in household size is towards smaller households. In 1990 approximately 81% of all households in the community had 3 persons or less. In 2012 that percentage is expected to increase to 86%.

**Table 8---Households by Tenure Patterns**

The table below illustrates households by tenure pattern in Sedalia from 1990 through 2012.

Tenure Patterns By Households - Sedalia				
Year	Owner Occupied Units		Renter Occupied Units	
	Number	Percent	Number	Percent
1990	5,713	69%	2,536	31%
2000	5,543	64%	3,085	36%
2007	5,432	63%	3,197	37%
2012	5,410	62%	3,269	38%

Source: Applied Geographic Solutions, MHDC

The table illustrates that the tenure patterns of the community seem to be very stable. Future tenure patterns can be influenced by a higher level of production of either owner occupied or renter occupied units.

**Table 9---Tenure by Household Size (Owner)**

The table below illustrates owner by household size in Sedalia from 1990 through 2000.

Tenure by Household Size - Sedalia					
Owner Occupied Housing Units					
Household Size	1990	Percent	2000	Percent	% Change 90-2000
1 Person	1,557	26.8%	1,587	28.7%	1.9%
2 Persons	2,196	37.8%	1,998	36.1%	-9.0%
3 Persons	922	15.9%	902	16.3%	-2.2%
4 Persons	736	12.7%	635	11.5%	-13.7%
5 Persons	266	4.6%	301	5.4%	13.2%
6 Persons	85	1.5%	94	1.7%	10.6%
7+ Persons	45	0.8%	12	0.2%	-73.3%

Source: Applied Geographic Solutions, MHDC

The table indicates that the largest percentage of owner occupied housing units is by two-person households.

**Table 10----Tenure by Household Size (Renter)**

The table below illustrates renter by household size in Sedalia from 1990 through 2000.

Tenure by Household Size - Sedalia					
Renter Occupied Housing Units					
Household Size	1990	Percent	2000	Percent	% Change 90-2000
1 Person	1,126	43.6%	1,281	42.0%	13.8%
2 Persons	648	25.1%	816	26.8%	25.9%
3 Persons	410	15.9%	430	14.1%	4.9%
4 Persons	230	8.9%	339	11.1%	47.4%
5 Persons	133	5.1%	119	3.9%	-10.5%
6 Persons	37	1.4%	65	2.1%	75.7%
7+ Persons	25	1%	61	2%	144%

Source: Applied Geographic Solutions, MHDC

The table indicates that the largest percentage of renter occupied housing units has been one-person households.

**Table 11----Tenure by Age of Householder (Owner)**

The table shows the tenure of owner occupied units by age of householder in Sedalia.

Tenure by Age of Householder - Sedalia					
Owner Occupied Housing Units					
Age	1990	Percent	2000	Percent	% Change 90-2000
15-24	77	1.3%	110	2.0%	42.9%
25-34	795	13.7%	781	14.1%	-1.8%
35-44	973	16.8%	1,071	19.4%	10.1%
45-54	851	14.7%	862	15.6%	1.3%
55-64	925	15.9%	809	14.6%	-12.5%
65-74	1,093	18.8%	883	16.0%	-19.2%
75+	1,093	18.8%	1,013	18.3%	-7.3%

Source: Applied Geographic Solutions, MHDC

The table shows that the community has a fair distribution of homeowners at all ages above 25 years old. Significant declines were noted between 1990 and 2000 of owner households 55 and older.

**Table 12----Tenure by Age of Householder (Renter)**

The table shows the tenure of renter occupied units by age of householder in Sedalia.

Tenure by Age of Householder - Sedalia					
Renter Occupied Housing Units					
Age	1990	Percent	2000	Percent	% Change 90-2000
15-24	386	14.8%	622	20.0%	61.1%
25-34	803	30.8%	705	22.7%	-12.2%
35-44	472	18.1%	601	19.3%	27.3%
45-54	205	7.9%	447	14.4%	118.0%
55-64	214	8.2%	219	7.0%	2.3%
65-74	226	8.7%	207	6.7%	-8.4%
75+	303	11.6%	310	10.0%	2.3%

Source: Applied Geographic Solutions, MHDC

The table indicates that in Sedalia most renter households are 54 years of age or less, and that between 1990 and 2000 the age cohort of 45-54 more than doubled.

**Table 13----Tenure by Bedrooms (Owner Occupied)**

The table below illustrates the tenure by bedrooms of owner occupied homes in Sedalia as of the last census (2000).

Tenure By Bedrooms (2000)		
Owner Occupied		
Bedrooms	Households	Percentage
No Bedroom	8	0.1%
1	147	2.7%
2	1,908	34.5%
3	2,635	47.7%
4	664	12.0%
5 or more	167	3.0%

Source: U.S. Census Bureau

The table above indicates that the majority of the owner occupied homes in Sedalia are homes with three or more bedrooms.

**Table 14----Tenure by Bedrooms (Renter Occupied)**

The table below illustrates the tenure by bedrooms of renter occupied units in Sedalia as of the last census (2000).

Tenure By Bedrooms (2000)		
Renter Occupied		
Bedrooms	Households	Percentage
No Bedroom	90	2.9%
1	913	29.3%
2	1,452	46.7%
3	544	17.5%
4	94	3.0%
5 or more	18	0.6%

Source: U.S. Census Bureau

The table above indicates that the majority of renter occupied units in Sedalia are units with two or more bedrooms, and that there are a significant number of one bedroom units.

**Table 15----Female Head of Household with Children**

The table indicates the number of female heads of households with children in Sedalia.

Female Head of Household with Children	
Year	Number
1990	506
2000	781
2007	869
2012	939

Source: Applied Geographic Solutions, MHDC

The table indicates that in Sedalia there has been a consistent increase in the number of households headed by women with children and that the number of households headed by women is projected to continue to grow.

**Table 16----Hispanic Households**

The table indicates the number of Hispanic households in the city of Sedalia.

Hispanic Households	
Year	Number
2000	272
2007	505
2012	649

Source: Applied Geographic Solutions, MHDC

The table indicates that in Sedalia there has been a consistent increase in the number of Hispanic households and that a significant increase is projected through 2012.

**Table 17----Households by Income Distribution**

The table below illustrates households by income distribution in Sedalia from 1990 through 2012.

Household Income Distribution - Sedalia								
Income Cohort	1990		2000		2007		2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
< than \$10,000	2,040	24.7%	1,033	12.0%	880	10.2%	819	10.5%
\$10,000-\$14,999	1,106	13.4%	843	9.8%	616	7.1%	523	7.2%
\$15,000-\$19,999	1,036	12.6%	813	9.4%	665	7.7%	641	7.2%
\$20,000-\$24,999	928	11.2%	906	10.5%	722	8.4%	647	8.5%
\$25,000-\$29,999	854	10.4%	850	9.8%	763	8.8%	574	8.9%
\$30,000-\$34,999	557	6.8%	769	8.9%	680	7.9%	660	8.7%
\$35,000-\$39,999	487	5.9%	638	7.4%	597	6.9%	645	6.0%
\$40,000-\$49,999	556	6.7%	924	10.7%	1,051	12.2%	1,045	12.2%
\$50,000-\$59,999	311	3.8%	591	6.8%	762	8.8%	808	8.4%
\$60,000-\$74,999	224	2.7%	639	7.4%	719	8.3%	816	8.2%
\$75,000-\$99,999	77	0.9%	357	4.1%	683	7.9%	788	8.3%
\$100,000 +	73	0.9%	265	3.1%	491	5.7%	716	6.1%
Total	8,249	100.0%	8,628	100.0%	8,629	100%	8,679	100%

Source: Applied Geographic Solutions, MHDC

The table indicates that there is a wide distribution of households at various income levels in Sedalia. The number of households with income of \$100,000 is projected to increase by approximately 46% between 2007 and 2012.

**Table 18----Cost Burdened Households**

The table illustrates the percentage of cost burdened households as of the last census (2000). A household is severely cost burdened if their total housing cost exceeds 50% of their income.

Cost Burdened Households (2000) - Sedalia			
	Renter	Owner	Renter & Owner
<b>Total</b>	3,102	5,486	8,588
Cost Burdened >30%	34.9%	12.7%	20.7%
Severely Cost Burdened >50%	13.4%	5.3%	8.2%
<b>Elderly 1 &amp; 2 Persons</b>	611	1985	2,596
Cost Burdened >30%	42.1%	11.4%	18.6%
Severely Cost Burdened >50%	13.7%	4.3%	6.5%
<b>Single Person Non-Elderly</b>	1074	807	1,881
Cost Burdened >30%	37.0%	17.7%	28.7%
Severely Cost Burdened >50%	15.8%	8.4%	12.6%
<b>Small Family 2-4 Persons</b>	1184	2,293	3,477
Cost Burdened >30%	28.9%	12.3%	18.0%
Severely Cost Burdened >50%	11.7%	5.3%	7.5%
<b>Large Family 5+ Persons</b>	233	401	634
Cost Burdened >30%	36.9%	10.7%	20.3%
Severely Cost Burdened >50%	10.3%	3.5%	6.0%

Source: 2000 Chas Data

The table indicates that 13.4% of all renter households in Sedalia are severely cost burdened. The severely cost burdened rate for all renter households in Missouri for the same period was 14.8%. The most severely cost burdened renter group appears to be single person renter households.

**Table 19----Units in Structure**

The table below illustrates the percentage of residential units in structures in Sedalia as of the last census (2000).

Units in Structure (2000) - Sedalia		
Type	Number	Percentage
1, detached	7,346	77.7%
1, attached	136	1.4%
2	417	4.4%
3 or 4	568	6.0%
5 to 9	290	3.1%
10 to 19	189	2.0%
20 or more	308	3.3%
Mobile home	199	2.1%
Total	9,453	100%

Source: U.S. Census Bureau

The table shows that as of the last census in 2000 in Sedalia 78% of the residential structures were detached single family units. The balance of the structures was spread across the other residential construction types, including 2.1% mobile homes.

**Table 20----Year Structure Built**

The table below illustrates the timeframe in which residential structures were built in Sedalia as of the last census (2000).

Year Structure Built (2000) - Sedalia		
Year	Number	Percentage
1999 to March 2000	67	0.7%
1995 to 1998	252	2.7%
1990 to 1994	294	3.1%
1980 to 1989	726	7.7%
1970 to 1979	1,137	12.0%
1960 to 1969	1,494	15.8%
1950 to 1959	1,754	18.6%
1940 to 1949	1,078	11.4%
1939 or earlier	2,651	28.0%

Source: U.S. Census Bureau

The preceding table shows that as of the last census in 2000 in Sedalia about 93.5% of the residential structures were built prior to 1990.

**Table 21----Affordable Housing Program Maximum Incomes and Rents**

The table below illustrates the maximum income and rents for the HOME and Housing Tax Credit programs for Pettis County

Maximum Income and Rents for HOME and Housing Tax Credit Programs for Pettis County												
2007 Median Income	Income %	Maximum Incomes						Maximum HOME/LIHTC Rents				
		Persons in Household						Bedroom Sizes				
		1	2	3	4	5	6	0Br	1Br	2Br	3Br	4Br
	50%	16,400	18,700	21,050	23,400	25,250	27,150	410	438	526	608	678
	60%	19,680	22,440	25,260	28,080	30,300	32,580	492	526	631	729	814
\$44,400								HUD Fair Market Rents				
								437	438	567	707	847

Source: HUD, IRS, MHDC

**Table 22----Gross Rent as a Percentage of Monthly Household Income**

The table below illustrates the percentage of households with gross rent as a percentage of monthly housing cost in Sedalia as of the last census at different levels of burden (2000).

Gross Rent as % of Monthly Household Income (2000) - Sedalia	
Status	Percentage
Less than 15 percent	17.9%
15 to 19 percent	15.2%
20 to 24 percent	13.5%
25 to 29 percent	8.8%
30 to 34 percent	9.9%
35 percent or more	26.6%
Not computed	8.1%

Source: U.S. Census Bureau

The table shows that as of the last census in Sedalia approximately 26.6% of households had gross rent that was more than 35% of their income.

**Table 23----Building Permits**

The table below illustrates the number of residential housing permits issued in Sedalia between 2003 and 2006.

Building Permits - Sedalia				
Units in Bldg.	Units			
	2006	2005	2004	2003
1	32	36	38	12
2	14	20	28	14
3 to 4	0	0	0	4
5+	0	0	0	24
Total	46	56	66	54

Source: U.S. Census Bureau

The above table indicates that most new residential units constructed are single family homes, but that there are a significant number of duplex style buildings that are constructed annually.

**Table 24----Multiple Listing Service Sales Statistics**

MLS Real Estate Sales Statistics-Pettis County				
	Detached		Attached	
Year	Sales	Avg. Price	Sales	Avg. Price
2007	435*	\$103,291	5	\$ 68,000
2006	539	\$100,147	6	\$ 76,983
2005	523	\$ 95,890	16	\$ 64,437

The preceding real estate sales information was obtained from the Sedalia/Warsaw Board of Realtors. The multiple listing statistics indicate that in 2005 and 2006 Sedalia averaged approximately 530 real estate sales of detached single family homes. The pace appears to have declined slightly in 2007 based on information to date. The data indicates that the pace of sales of attached homes has declined since a high water mark recently in 2005.

Sales prices for single family homes in the Sedalia market have increased annually by approximately 3-4% over the last couple of years.

**Table 25----Educational Attainment (Pop. 25+ Age)**

The table indicates the educational attainment of the population age 25+ in Sedalia.

Educational Attainment (Pop. 25+ Age)			
Level	2000	2007	2012
9th to 12th grade, no diploma	15.2%	13.7%	12.7%
Associate Degree	5.5%	6.3%	6.8%
Bachelors Degree	9.4%	9.7%	10.1%
College No Degree	23.4%	23.9%	24.2%
Graduate Degree	5.2%	5.5%	5.8%
High School Diploma	32.4%	33.7%	34.6%
Less than 9th grade	7.6%	7.2%	5.9%

Source: Applied Geographic Solutions, MHDC

The table indicates that the educational attainment level has been increasing.

**Table 26----Marital Status (Pop. 15+ Age)**

The table indicates the marital status of the population age 15+ in Sedalia.

Marital Status (Pop. 15+ Age)			
Status	2000	2007	2012
Divorced	14.2%	14.1%	14.0%
Never Married	22.9%	22.9%	22.8%
Now Married	48.8%	49.1%	49.3%
Separated	4.0%	4.0%	4.0%
Widowed	10.1%	10.1%	10.0%

Source: Applied Geographic Solutions, MHDC

The table indicates that the marital status breakdowns of households in the city has not changed much at all over the years.

**IRS Migration Data**

Following are tables that show the migration patterns into and out of Pettis County, and the net migration totals.

The migration tables that follow indicate that Pettis County attracts approximately 1,000 new households annually. Over the last three years the net migration numbers for Pettis County show that on a net basis more households are coming to the county than are leaving and that the net migration number, which has been positive between 2004 and 2006 is increasing.

The tables also indicate that while Pettis County has a negative migration relationship with Jackson and Greene Counties, which are larger metropolitan areas, it has a positive migration pattern with most of the surrounding counties. Pettis County has shown a negative migration record with neighboring Johnson County to the west, probably due to recent building activity in the Knob Noster area, which is the location of Whiteman Air Force Base and Warrensburg, which is the location of Central Missouri State University.

Table 27----Sedalia County In-Migration

Gross Annual Household In-Migration								
Pettis County, Missouri								
County of Origin	2003		2004		2005		2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total In-Migration	949	100%	1,005	100%	995	100%	1,034	100%
Total In-Migration Same State	603	64%	633	63%	591	59%	654	63%
Total In-Migration Out of State	346	36%	372	37%	404	41%	380	37%
Johnson County, Mo	119	13%	126	13%	121	12%	89	9%
Benton County, Mo	78	8%	72	7%	70	7%	108	10%
Saline County, Mo	64	7%	61	6%	45	5%	73	7%
Cooper County, Mo	39	4%	31	3%	31	3%	39	4%
Henry County, Mo	37	4%	32	3%	30	3%	33	3%
Morgan County, Mo	36	4%	41	4%	39	4%	39	4%
Jackson County, Mo	33	3%	46	5%	45	5%	47	5%
Greene County, Mo	15	2%	16	2%	11	1%	15	1%
Moniteau County, Mo	13	1%	13	1%	12	1%	14	1%
All Other Counties	515	50%	567	56%	591	57%	577	56%

Source: Internal Revenue Service

Table 28----Sedalia County Out-Migration

Gross Annual Household Out-Migration								
Pettis County, Missouri								
Destination County	2003		2004		2005		2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Out-Migration	1,026	100%	987	100%	969	100%	980	100%
Total Out-Migration Same State	688	67%	662	67%	640	66%	652	67%
Total Out-Migration Out of State	338	33%	325	33%	329	34%	328	33%
Johnson County, Mo	96	9%	111	11%	125	13%	119	12%
Benton County, Mo	66	6%	78	8%	62	6%	68	7%
Saline County, Mo	54	5%	50	5%	45	5%	50	5%
Cooper County, Mo	38	4%	45	5%	26	3%	24	2%
Henry County, Mo	25	2%	31	3%	22	2%	25	3%
Morgan County, Mo	33	3%	31	3%	34	4%	26	3%
Jackson County, Mo	75	7%	56	6%	64	7%	65	7%
Greene County, Mo	33	3%	32	3%	19	2%	20	2%
Moniteau County, Mo	20	2%	12	1%	10	1%	0	0%
All Other Counties	586	57%	541	55%	562	58%	583	59%

Source: Internal Revenue Service

Table 29----Sedalia County Net-Migration

Net Annual Household Migration				
Pettis County, Missouri				
County	2003	2004	2005	2006
	Number	Number	Number	Number
Johnson County, Mo	23	15	-4	-30
Benton County, Mo	12	-6	8	40
Saline County, Mo	10	11	0	23
Cooper County, Mo	1	-14	5	15
Henry County, Mo	12	1	8	8
Morgan County, Mo	3	10	5	13
Jackson County, Mo	-42	-10	-19	-18
Greene County, Mo	-18	-16	-8	-5
Moniteau County, Mo	-7	1	2	14
All Other Counties	-71	26	29	-6
Net Migration	-77	18	26	54

Source:Internal Revenue Service

## SECTION V

### EMPLOYMENT AND ECONOMY

The following section includes an analysis of the economy of the market area. The analysis will focus on employment by industry, the areas major employers, area employment, unemployment, and labor force trends.

MHDC has obtained economic information from the Missouri Department of Economic Development, Bureau of Labor Statistics, U.S. Census Bureau, and the Sedalia, Missouri Chamber of Commerce.

#### Local Area Employment

**Table 30----Employment/ Unemployment**

Local Area Employment - Pettis County				
Year	Labor Force	Employment	Unemployment	Unemployment Rate
2001	20,888	19,702	1,186	5.7%
2002	20,201	18,973	1,228	6.1%
2003	19,972	18,767	1,205	6.0%
2004	20,143	18,929	1,214	6.0%
2005	20,033	18,872	1,161	5.8%
2006	19,994	18,961	1,033	5.2%

Source: Department of Economic Development

Local Area Employment - Sedalia				
Year	Labor Force	Employment	Unemployment	Unemployment Rate
2001	10,703	10,007	696	6.5%
2002	10,358	9,637	721	7.0%
2003	10,239	9,532	707	6.9%
2004	10,327	9,614	713	6.9%
2005	10,267	9,585	681	6.6%

Source: Department of Economic Development

The preceding tables indicate that unemployment rates in Pettis County began to increase in 2002 through 2004, but have declined over the next two years. The unemployment rates of Sedalia also began to increase in 2002, but have also been declining over the last few years. The analyst did not have employment data at the city level in 2006.

**Table 31 ----Sedalia Area Major Employers**

Major Employers - Sedalia Area		
Employers	Type of Business	Employees
Tyson Foods, Inc.	Manufacturing	1,430
Bothwell Regional Health Ctr.	Medical	700
Waterloo Industries	Manufacturing	475
Wal-Mart Supercenter	Retail	460
Sedalia School District	Education	436
State Fair Community College	Education	425
Hayes Lemmerz International	Manufacturing	382
Inter-State Studios	Manufacturing	350
Gardner Denver Machinery, Inc.	Manufacturing	300
U.S. Government	Government	293
State of Missouri Government	Government	281
Alcan Cable	Manufacturing	230
Duke Manufacturing	Manufacturing	240
Four Seasons Living Center	Medical	220
Sheltered Workshops	Manufacturing	218
City of Sedalia	Government	210

Source: Sedalia Chamber of Commerce

**Table 32----Area Employment by Industry**

The following table shows the dispersion of employees by industry within Sedalia.

Employment By Industry - Pettis County				
NAICS	Industry Jobs	Employment		
		2006	2005	2004
11	Agriculture, Forestry, Fishing and Hunting	51	52	48
21	Mining	36	34	28
22	Utilities	43	N/A	N/A
23	Construction	798	736	689
31-33	Manufacturing	4,598	4,716	4,633
42	Wholesale Trade	590	584	612
44-45	Retail Trade	2,346	2,301	2,226
48-49	Transportation and Warehousing	425	442	506
51	Information	496	N/A	N/A
52	Finance and Insurance	417	409	398
53	Real Estate and Rental and Leasing	224	224	183
54	Professional, Scientific, and Technical Services	323	322	308
55	Management of Companies and Enterprises	187	183	94
56	Admin. & Support, Waste Mgmt. and Remediation	1,014	947	844
61	Educational Services	N/A	N/A	8
62	Health Care and Social Assistance	1,771	1,759	1,761
71	Arts, Entertainment, and Recreation	141	110	N/A
72	Accommodation and Food Services	1,478	1,484	1,534
81	Other Services (excluding Public Administration)	611	636	631
92	Public Administration	3,209	3,177	3,187

Source: Missouri Department of Economic Development

The table indicates that the largest industry in Pettis County is manufacturing, followed by public administration and retail trade.

**Table 33----Area Annual Earnings by Industry**

Average Annual Earnings By Industry - Pettis County				
NAICS	Industry Jobs	Avg. Wkly. Earnings		
		2006	2005	2004
11	Agriculture, Forestry, Fishing and Hunting	\$ 547	\$ 585	\$ 607
21	Mining	\$ 878	\$ 814	\$ 834
22	Utilities	\$1,056	N/A	N/A
23	Construction	\$ 678	\$ 659	\$ 640
31-33	Manufacturing	\$ 713	\$ 710	\$ 664
42	Wholesale Trade	\$ 638	\$ 627	\$ 661
44-45	Retail Trade	\$ 372	\$ 358	\$ 361
48-49	Transportation and Warehousing	\$ 607	\$ 602	\$ 546
51	Information	\$ 553	N/A	N/A
52	Finance and Insurance	\$ 608	\$ 586	\$ 547
53	Real Estate and Rental and Leasing	\$ 397	\$ 371	\$ 316
54	Professional, Scientific, and Technical Services	\$ 557	\$ 555	\$ 528
55	Management of Companies and Enterprises	\$ 675	\$ 614	\$ 694
56	Admin. & Support, Waste Mgmt. and Remediation	\$ 361	\$ 354	\$ 333
61	Educational Services	N/A	N/A	\$ 339
62	Health Care and Social Assistance	\$ 429	\$ 421	\$ 399
71	Arts, Entertainment, and Recreation	\$ 184	\$ 203	N/A
72	Accommodation and Food Services	\$ 195	\$ 191	\$ 177
81	Other Services (excluding Public Administration)	\$ 420	\$ 401	\$ 388
92	Public Administration	\$ 625	\$ 614	\$ 599

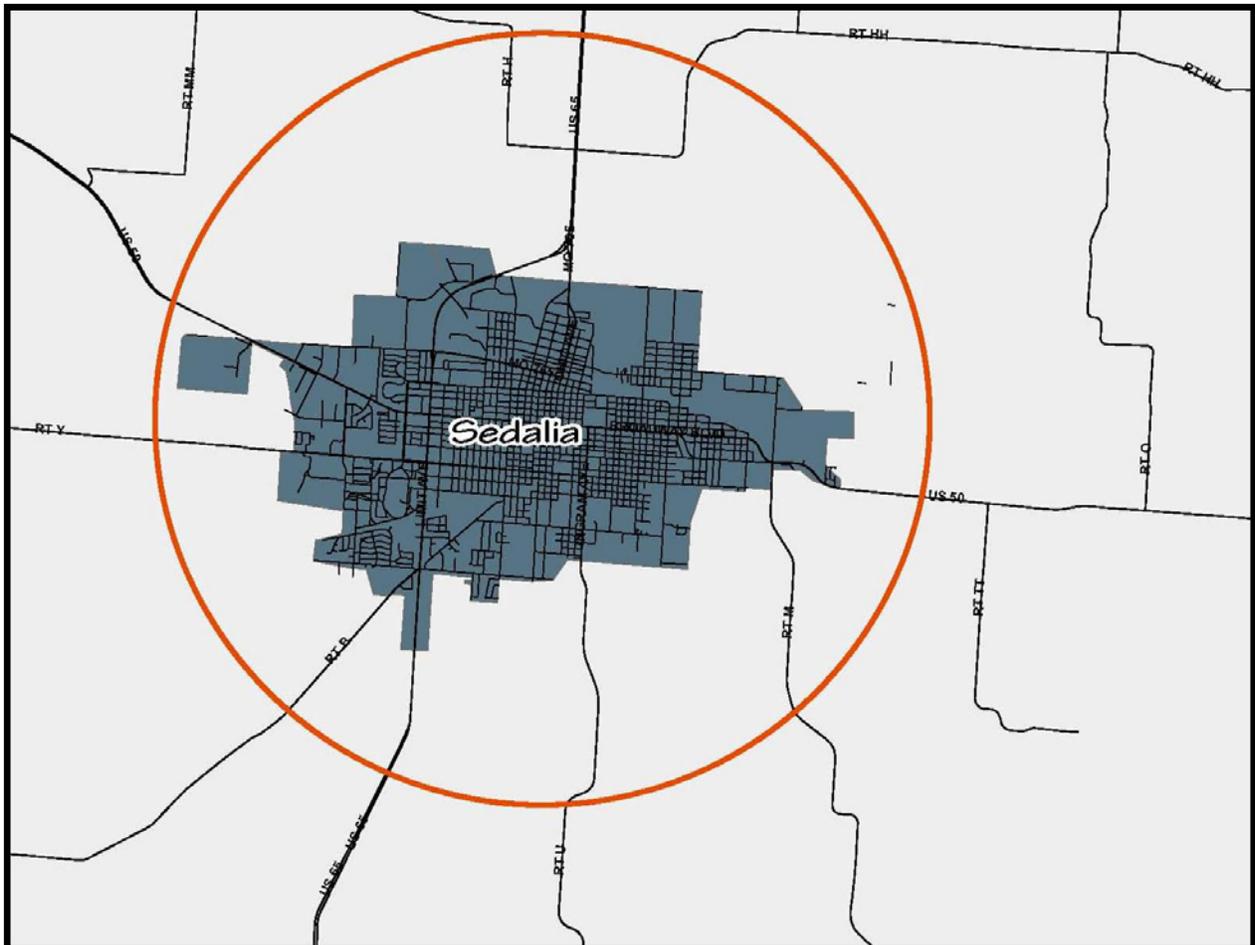
Source: Missouri Department of Economic Development

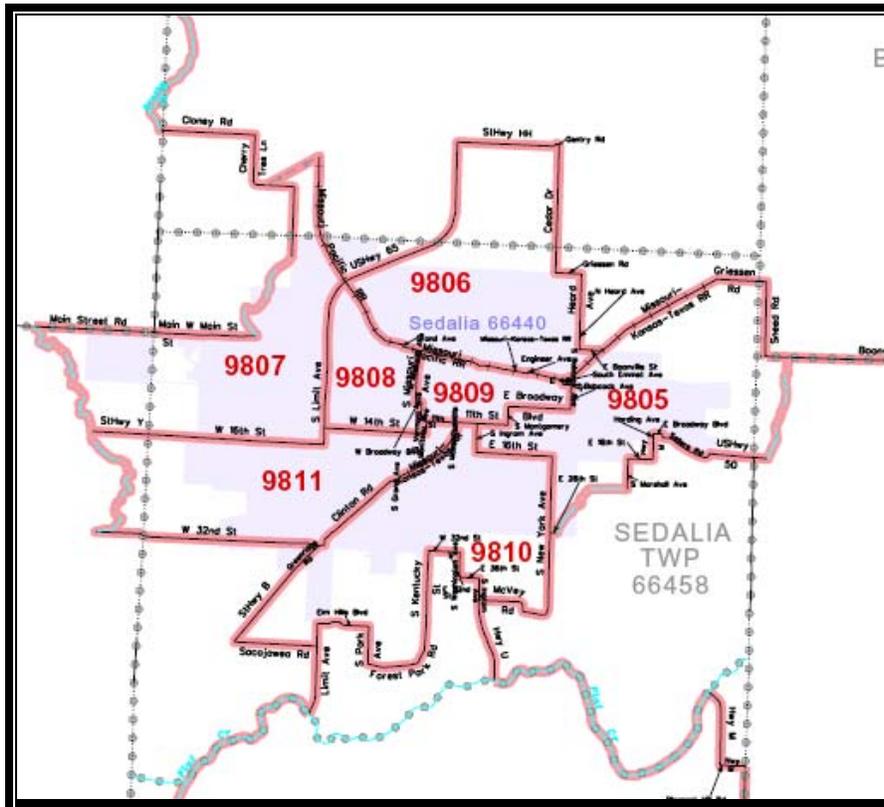
## SECTION VI

### IDENTIFICATION OF PRIMARY AND SECONDARY MARKET AREAS

The primary market area is considered to be the area in which approximately 80% or more of the potential households for new housing in Sedalia are expected to come from. Demographic data indicates that approximately 20% of the households living in Sedalia move to another residence within the city each year. Local real estate professionals in the market indicate that the majority of their clients are residents of the city. Based on the opinions of the informed participants in the market and the demographic data which indicates a very active market it is the opinion of the analyst that the primary market area for residential units in the city of Sedalia is generally the municipal boundaries of the community.

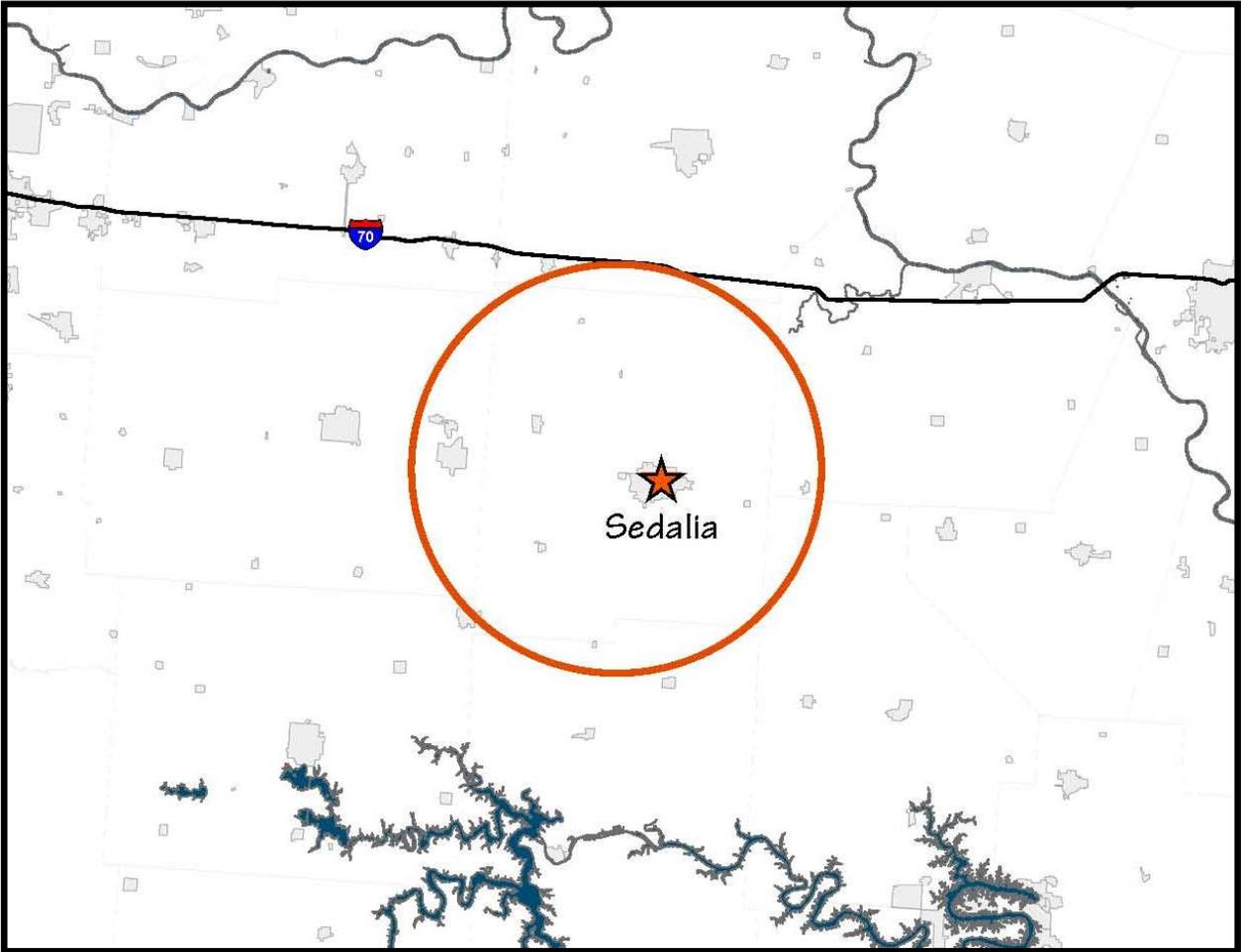
The following maps show the area that is considered to be the primary market area for purposes of this report.





The secondary market area of Sedalia is the area outside of the primary market area that contains some households that could be attracted to residential housing in the city of Sedalia. The number of households attracted to residential units in Sedalia will be a lot less in number than in the primary market area, but the interest from this area is consistent. Based on the opinions of the markets real estate participants and considering migration patterns, it is the opinion of the analyst that the secondary market area for Sedalia is the balance of Pettis County and an area in Johnson County to the west, which is the location of Whiteman Air Force Base. Whiteman Air Force Base is located approximately 20 miles west of Sedalia and is the only base in the world for the B-2 Stealth Bomber. Many of the troops stationed there that reside off base are drawn to rental and ownership housing in Sedalia.

The following map shows the area that is considered to be the secondary market area for purposes of this report.



### HISTA Demographic Data

Claritas, Inc., a leading national demographic data provider, working with another company, Ribbon Demographics, has recently developed a unique data product that is designed specifically for housing analysis. The product is called HISTA. HISTA breaks households down by income, household size, tenure and broad age groups. It is a custom four-way cross tabulation of household data; not extrapolations of SF3 data. It eliminates the need for the analyst to perform various extrapolation steps, which is not as accurate as cross tabulation.

Following are the HISTA tables for the Primary Market Area for 2007 and 2012. They will be used for the rental housing demand analysis. The tables contain current household estimates for the Primary Market Area by tenure (renter or homeowner), income, and household size, for age groups 18-54, 55-61, and aged 62+. The same type of tables is shown based on year 2012 household projections. The differences in the number of households in each of the categories provide a good indication of future potential residential growth or decline.

The Primary Market Area has been delineated as the City of Sedalia, which includes U.S. Census Tracts 9805, 9806, 9807, 9808, 9809, 9810, and 9811.

**Table 34----PMA Owner Households (Under Age 55 Years) - 2007 Estimates**

Owner Households Under Age 55 Years <i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	79	28	23	9	0	139
\$10,000-20,000	95	57	41	19	15	227
\$20,000-30,000	127	68	77	60	20	352
\$30,000-40,000	82	160	136	72	47	497
\$40,000-50,000	77	129	127	116	67	516
\$50,000-60,000	22	115	102	119	63	421
\$60,000+	50	269	225	291	217	1,052
<b>Total</b>	<b>532</b>	<b>826</b>	<b>731</b>	<b>686</b>	<b>429</b>	<b>3,204</b>

Source: Claritas, Ribbon Demographics

**Table 35----PMA Owner Households (Aged 55-61) - 2007 Estimates**

Owner Households Aged 55-61 Years <i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	16	16	2	1	1	36
\$10,000-20,000	34	18	15	0	9	76
\$20,000-30,000	63	26	15	4	2	110
\$30,000-40,000	30	63	20	17	0	130
\$40,000-50,000	2	42	19	2	2	67
\$50,000-60,000	4	19	3	3	9	38
\$60,000+	7	81	74	20	1	183
<b>Total</b>	<b>156</b>	<b>265</b>	<b>148</b>	<b>47</b>	<b>24</b>	<b>640</b>

Source: Claritas, Ribbon Demographic

**Table 36----PMA Owner Households (Aged 62+) - 2007 Estimates**

Owner Households Aged 62+ Years <i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	190	29	4	0	0	<b>223</b>
\$10,000-20,000	260	114	2	0	0	<b>376</b>
\$20,000-30,000	219	240	3	0	0	<b>462</b>
\$30,000-40,000	107	224	25	6	0	<b>362</b>
\$40,000-50,000	32	186	30	0	0	<b>248</b>
\$50,000-60,000	32	60	44	6	13	<b>155</b>
\$60,000+	<u>97</u>	<u>204</u>	<u>10</u>	<u>10</u>	<u>0</u>	<b><u>321</u></b>
<b>Total</b>	<b>937</b>	<b>1,057</b>	<b>118</b>	<b>22</b>	<b>13</b>	<b>2,147</b>

Source: Claritas, Ribbon Demographic

**Table 37----PMA Renter Households (Under Age 55 Years) - 2007 Estimates**

Renter Households Under Age 55 Years <i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	156	94	46	23	13	<b>332</b>
\$10,000-20,000	283	118	49	55	47	<b>552</b>
\$20,000-30,000	191	186	119	61	37	<b>594</b>
\$30,000-40,000	145	111	96	66	63	<b>481</b>
\$40,000-50,000	31	75	68	51	3	<b>228</b>
\$50,000-60,000	25	25	26	25	5	<b>106</b>
\$60,000+	<u>7</u>	<u>28</u>	<u>34</u>	<u>53</u>	<u>85</u>	<b><u>207</u></b>
<b>Total</b>	<b>838</b>	<b>637</b>	<b>438</b>	<b>334</b>	<b>253</b>	<b>2,500</b>

Source: Claritas, Ribbon Demographics

**Table 38----PMA Renter Households (Aged 55-61) - 2007 Estimates**

Renter Households Aged 55-61 Years <i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	44	13	1	1	1	60
\$10,000-20,000	29	6	0	5	0	40
\$20,000-30,000	12	16	0	0	0	28
\$30,000-40,000	6	14	0	0	0	20
\$40,000-50,000	11	10	1	2	1	25
\$50,000-60,000	1	8	1	4	1	15
\$60,000+	<u>8</u>	<u>24</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>34</u>
<b>Total</b>	<b>111</b>	<b>91</b>	<b>4</b>	<b>12</b>	<b>4</b>	<b>222</b>

Source: Claritas, Ribbon Demographics

**Table 39----PMA Renter Households (Aged 62+) - 2007 Estimates**

Renter Households Aged 62+ Years <i>Current Year Estimates - 2007</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	188	12	3	0	0	203
\$10,000-20,000	191	19	0	0	0	210
\$20,000-30,000	51	40	0	4	0	95
\$30,000-40,000	20	11	0	0	0	31
\$40,000-50,000	20	16	0	0	0	36
\$50,000-60,000	1	1	0	1	1	4
\$60,000+	<u>12</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>
<b>Total</b>	<b>483</b>	<b>99</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>591</b>

Source: Claritas, Ribbon Demographics

**Table 40----PMA Owner Households (Under Age 55 Years) - 2012 Projections**

Owner Households Under Age 55 Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	68	23	17	8	0	116
\$10,000-20,000	84	42	36	15	10	187
\$20,000-30,000	109	53	58	45	14	279
\$30,000-40,000	76	130	115	58	39	418
\$40,000-50,000	80	127	120	119	71	517
\$50,000-60,000	25	113	95	117	59	409
\$60,000+	60	297	266	340	257	1,220
<b>Total</b>	<b>502</b>	<b>785</b>	<b>707</b>	<b>702</b>	<b>450</b>	<b>3,146</b>

Source: Claritas, Ribbon Demographics

**Table 41----PMA Owner Households (Aged 55-61) - 2012 Projections**

Owner Households Aged 55-61 Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+ -Person Household	Total
\$0-10,000	20	14	1	1	1	37
\$10,000-20,000	39	16	14	0	8	77
\$20,000-30,000	66	26	13	4	1	110
\$30,000-40,000	37	75	16	30	0	158
\$40,000-50,000	1	51	13	1	1	67
\$50,000-60,000	6	38	4	4	7	59
\$60,000+	9	102	91	23	1	226
<b>Total</b>	<b>178</b>	<b>322</b>	<b>152</b>	<b>63</b>	<b>19</b>	<b>734</b>

Source: Claritas, Ribbon Demographics

**Table 42----PMA Owner Households (Aged 62+) - 2012 Projections**

Owner Households Aged 62+ Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	173	23	3	0	0	199
\$10,000-20,000	232	91	2	0	0	325
\$20,000-30,000	229	215	3	0	0	447
\$30,000-40,000	105	240	24	4	0	373
\$40,000-50,000	36	190	30	0	0	256
\$50,000-60,000	37	72	44	11	18	182
\$60,000+	120	243	14	12	0	389
<b>Total</b>	<b>932</b>	<b>1,074</b>	<b>120</b>	<b>27</b>	<b>18</b>	<b>2,171</b>

Source: Claritas, Ribbon Demographics

**Table 43----PMA Renter Households (Under Age 55 Years) – 2012 Projections**

Renter Households Under Age 55 Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	150	86	41	20	11	308
\$10,000-20,000	264	96	42	48	40	490
\$20,000-30,000	183	159	101	60	33	536
\$30,000-40,000	152	104	90	64	57	467
\$40,000-50,000	41	85	72	54	6	258
\$50,000-60,000	32	25	34	31	5	127
\$60,000+	11	36	40	64	111	262
<b>Total</b>	<b>833</b>	<b>591</b>	<b>420</b>	<b>341</b>	<b>263</b>	<b>2,448</b>

Source: Claritas, Ribbon Demographics

**Table 44----PMA Renter Households (Aged 55-61) – 2012 Projections**

Renter Households Aged 55-61 Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	53	14	1	1	1	70
\$10,000-20,000	36	6	0	3	0	45
\$20,000-30,000	15	16	0	0	0	31
\$30,000-40,000	9	11	0	0	0	20
\$40,000-50,000	16	9	1	1	2	29
\$50,000-60,000	1	17	1	6	1	26
\$60,000+	13	29	1	1	1	45
<b>Total</b>	<b>143</b>	<b>102</b>	<b>4</b>	<b>12</b>	<b>5</b>	<b>266</b>

Source: Claritas, Ribbon Demographic

**Table 45----PMA Renter Households (Aged 62+) – 2012 Projections**

Renter Households Aged 62+ Years <i>Five Year Projections - 2012</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	184	12	2	0	0	198
\$10,000-20,000	192	17	0	0	0	209
\$20,000-30,000	57	40	0	5	0	102
\$30,000-40,000	25	11	0	0	0	36
\$40,000-50,000	28	18	0	0	0	46
\$50,000-60,000	2	2	2	2	2	10
\$60,000+	18	0	0	0	0	18
<b>Total</b>	<b>506</b>	<b>100</b>	<b>4</b>	<b>7</b>	<b>2</b>	<b>619</b>

Source: Claritas, Ribbon Demographics

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## SECTION VII

### POTENTIAL RESIDENTIAL DOWNTOWN HOUSING DEMAND

The purpose of this study is to determine if residential development would benefit the downtown revitalization efforts, the household type(s) that would comprise the likely market, the type of housing that should be considered, and the number of households that can be captured for residential units in the Downtown Market Area.

Many older downtown areas have suffered from urban sprawl as new shopping centers and commercial strip malls have been developed outside of the central business district. This is the case of Sedalia as most shopping is now done along the busy major thoroughfares of Broadway or Missouri Highway 65. What once was the center of government, commerce, and in some cases social and recreational activities is now reduced primarily to just the center of government, with some ancillary and small businesses still in tact.

The City of Sedalia was incorporated in 1860 and its early prosperity was directly related to the railroad industry and the machine shops for the Missouri Pacific and the Missouri-Kansas-Texas Railroad lines. The early economic success of the area helped to build, at that time, a very vibrant downtown area. Eventually, the dependence on one industry had a detrimental effect. Beginning in the 1920's the area which had originated, grown and prospered with the railroads began a steady decline that lasted for decades. That economic decline also contributed to the decline in the downtown area, which also suffered from the natural outward expansion of businesses and residences throughout the city. That left many vacant or underutilized multi story buildings in the downtown area.

Many of the small commercial buildings in the downtown area contain small businesses on the street level but have vacant and, in many cases, uninhabitable space on the upper floors. It has been reported in a recent housing study that was prepared for the city that there is over 300,000 square feet of vacant upper floor space in the downtown area.

In addition to the upper floor space the downtown area has some vacant lots and under-utilized improved sites that have the potential to be developed for new residential or commercial use.

Existing residential land use in the downtown area is generally limited to single family homes that surround the core downtown area, a few converted single family homes that contain rental units, the few occupied upper floor units of commercial buildings, and a nursing home.

Even though it is in a state of decline, from a market perspective the assets of the Sedalia downtown area are significant. Some of them include the following:

- Historic buildings: The downtown area, especially along Ohio Street has many architecturally and historically significant buildings, including the Bothwell Hotel, Commerce Building, Trust Building, and the renovated Katy Depot.

- Potential residential sites: Empty or underutilized buildings, vacant or underutilized tracts of land, and depressed real estate prices.
- Employment: The downtown is still the center of municipal and county government, which draws people to the area during the daylight hours.
- Culture and tourism: The area is developing into an art district, in addition to containing antique shops and historic destinations.
- Walkability: The downtown area is compact with a friendly street pattern.
- Accessibility: Access to and from the area is relatively easy in all directions.
- Gathering place: The downtown area is the site of many major community events.

From a market perspective, the current challenges of the Downtown Sedalia Market area are also significant. They include the following:

- Sense of place: The downtown area needs to re-establish itself its sense of place in the community by continuing to highlight and elevate its cultural and historical assets.
- People presence: The downtown area needs to attract more permanent residents to the area to help support and attract existing and new businesses and to give the area a 24-hour people presence.
- Lack of housing opportunities: The downtown area needs more high quality housing opportunities to attract permanent residents by marketing the unique type of housing experience that would only be possible in the downtown area.
- Retailers: The downtown area has very few neighborhood oriented businesses that would support the needs of area residents.
- Dining and entertainment: The downtown area has very few dining and entertainment venues. Dining and entertainment venues will attract more people and more people will attract other types of businesses.

The revitalization of downtown Sedalia will generally need to follow the pattern that many downtowns have followed during their revitalization process. There first must be a reason for people to come to the downtown area. More than government or business there must be an entertainment reason for a critical mass of people to want to spend their time and money in the downtown area. The second step is to create rental housing opportunities for the pioneers, who generally will be young households looking for a unique lifestyle not available in other areas of the community. In Sedalia it could be possible that senior renter households also could be pioneers. There is a lack of available and affordable senior rental units in Sedalia. The pent up demand coupled with the walkable urbanity that the downtown offers could be of interest to a many senior households. After the pioneers have established that the downtown as a viable housing alternative the next phase will be to draw homebuyers to the area that will establish permanent residence. The success of the for-sale housing market should then encourage more businesses back to the area as the final phase of the downtown revitalization process.

Affordable rental housing will need to play a key role by igniting the downtown residential interest. Early on low rents and home values generally won't support the feasibility of a significant number of market rate residential units, but as the viability of the market begins to be proven by the success of affordable housing, and the area begins to attract more businesses the upward trend of the rents and home values should begin to increase to a level that would begin to encourage market rate rental and for-sale housing production.

Denver, although a much larger community is an example of what could happen in Sedalia in terms of housing. In 1990 more than 86% of all downtown housing in Denver was for rent. Denver's downtown went through its renaissance in the 90's and by 1999 more than 70% of its downtown residences were owner occupied.

One of the goals of the city should be to provide a balance of housing options in the downtown area to create diversity. Diversity contributes to stability. Housing options for both buyers and renters at all income levels will make the downtown housing market area more attractive to a larger market segment.

The analyst has not made a detailed review of the local zoning and building codes, but would encourage the City of Sedalia to review them in detail to ensure that zoning and building codes put in place many years ago do not hinder the rehabilitation and new construction that will be a part of the downtown revitalization efforts. The zoning and building codes should encourage a walkable urbanity, allow for mixed commercial and residential development, help to make historic rehabilitation more feasible, and allow higher density developments.

### **Potential market for housing in the Downtown Sedalia Market Area**

In downtown communities all across America there has been resurgence towards urban living driven in part by the increase in fuel costs and in part by lifestyle changes and choices. Transportation cost increases and traffic hassles have increased the marketability of housing in urban areas closer to major employment centers. Also, the convergence of the two largest generations in the history of America: the Baby Boomers born between 1946 and 1964, and the Millennials, who were born from 1977 to 1996, represent the emergence of a new lifestyle. Both groups are generally comprised of small households with no children, the prime demographic profile for downtown residential living.

Although there are some employers in the downtown area of Sedalia, it does not seem likely that the difficulty or cost involved in getting to them would induce many households to move to the downtown area. So in Sedalia the primary motivations for households to move to the downtown area will have to be unique housing opportunities in a unique environment.

Baby Boomers, households between the ages of 44 and 62, generally create significant demand for new downtown units as they are undergoing lifestyle changes at this stage in their life and generally have sufficient net worth to make a new home purchase. Also called empty nesters because their children have left home, these households form the largest demographic group in the nation and carry considerable economic clout. In small communities like Sedalia there generally are no suburbs that Baby Boomers would be moving from, as in most parts of the country, and many may be quite content in their neighborhood, so it is questionable whether they will have a significant impact in Sedalia's downtown residential market.

There is a good possibility of downtown residential demand from Millennials, households between the ages of 12 and 31. Those between the ages of 18 and 31 are still in a very transient period in their life and are very open to new and different experiences. The type of housing that can be created in the downtown area of Sedalia would be different than currently exists in the community and could have a strong demand from young households.

In between the Baby Boomers and the Millennials is a smaller group known as Generation X, that were born between 1964 and 1977, and who would be approximately 31 to 44 years old. This group is a little mixed because even though they may not be quite as transient as the younger Millennials, they are more transient than the older Baby Boomers. Because they are further along in their careers than Millennials they tend to have more buying power. There could be some downtown residential demand from this group.

There also seems like there could be significant downtown residential demand from senior households who could be attracted to the area because of the services, amenities, and activities it could offer them. The walkability of the downtown area along with the existing antique shops already offers advantages for seniors to remain active and socialize. Their increasing presence in the area should also increase other types of businesses that they would support.

Current occupancy rates and waiting lists for both family and senior rental housing in Sedalia means there is an underserved demand. What that means is that any new rental housing option, of good quality, that is generally affordable, and well located to essential services should enjoy good market demand. Any new, good quality housing that is affordable, that could be built in the downtown Sedalia area should enjoy strong demand simply because the lack of available units in the market in general.

**Estimated number of households that could create residential housing demand in the Downtown Sedalia Market area within the next few years**

In order to estimate the number of households that could create residential housing demand in the downtown Sedalia market area it will first be necessary to estimate demand from the primary and secondary market areas for the Sedalia market as a whole. The next step would be to apply a capture rate to the Sedalia residential demand estimate of households that have the potential of creating the residential demand in the downtown market area of Sedalia. The demographic data that will be used for the analysis is a product by Claritas and Ribbon Demographics called HISTA. HISTA breaks households down by income, household size, tenure and broad age groups. It is a custom four-way cross tabulation of household data; not extrapolations of SF3 data. It eliminates the need for the analyst to perform various extrapolation steps, which is not as accurate as cross tabulation.

Following are the HISTA tables for the primary market area (PMA) for 2007 and 2012 and for owner households and renters. They will be used for the rental housing demand analysis. The tables contain current household estimates for the PMA by tenure (renter or homeowner), income, and household size, for age groups 18-54, 55-61, and aged 62+. The same type of tables is shown based on year 2012 household projections. The differences in the number of households in each of the categories provide a good indication of future potential residential growth or housing demand.

The conclusions of the analysis are that annually between 2007 and 2012 the Downtown Market Area of Sedalia could have estimated residential demands as follows:

**Sedalia, Missouri Annual Downtown Residential Market Demand 2007-2012**

<u>Type</u>	<u>Households</u>
Affordable Senior Rental Housing .....	41
Affordable Family Rental Housing.....	52
Market Rate Family Rental Housing.....	53
Homeownership .....	6
Total .....	152

The potential residential demand estimates above are representative of the size of the typical residential market in the downtown market area for the various housing types annually between 2007 and 2012 based on current supply and demand estimates. These are estimates based on this point in time and can change over the years based on changes in supply and demand in the market. The supply is the production or reduction of available units and the demand is the increase or decrease in the size of qualified households.

The analysis for each housing type follows:

**Demand Capture Rate Methodology**

The quantitative analysis will be a capture rate analysis, which is an estimate of the number of qualified households in the primary market area that could create residential demand in the downtown area of Sedalia. The estimate will be based on the premise that a portion, or percentage of the qualified households that have the propensity to move into, or within the primary market area could be attracted to residential units in the downtown area of Sedalia. A capture rate will be applied to the potential pool of qualified households to yield an estimate of the potential draw power of available residential units in the downtown area. The capture rate estimate is determined by considering the size of the primary and secondary market areas and the current supply and demand of residential units in the primary market area that would be considered competitive with the downtown residential units.

The Capture Rate Analysis that follows should not be construed as the number of units that should be built in the downtown area, but as the estimated size of the residential demand pool for various housing types. With that information a developer could then consider how many units could be feasible to produce based on their interpretation of the market risk. The analysis includes conclusions by the analyst, but more importantly provides a framework for evaluation that can be considered and used by developers and other interested parties.

## Affordable Senior Rental Housing Demand Analysis

Early in the downtown revitalization process rental housing should play a key role by housing the pioneers of the downtown residential renaissance. The market for affordable senior rental housing could be one of the first to develop in the downtown market area because of the attraction of the downtown area to seniors, the financial ease of producing senior affordable housing, and the pent up demand that exists in the market. This section contains an analysis of the annual potential residential demand in the downtown area for affordable senior rental units. The analysis is intended to answer the question of how many units could be in demand in the downtown market area during any year of the five year period between 2007 and 2012 based on the current availability of comparable housing.

Starting with HISTA demographic data the following analysis concludes that between 2007 and 2012 there could be an annual potential household demand for affordable senior rental units in the Downtown Market Area of Sedalia from approximately 41 households. Following is the analysis:

Affordable Senior Rental Potential Demand Analysis		
PMA Qualified Household Demand (2007)		1BR/2BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 500
2	Percentage of Income to Housing	50%
3	Minimum Income (Affordability)	\$ 12,000
4	Maximum Income (Tax Credit Limit)	\$ 21,060
5	Appropriate Sized, Income Qualified, Renter Households, Age 62+ (2007)	178
6	Percentage of Existing Senior Renter Households Likely to Move if New Affordable Housing Were Available	15%
7	Number of Existing Senior Renter Households Likely to Move if New Affordable Housing Were Available	27
8	Appropriate Sized, Income Qualified, <u>Owner</u> Households, Age 62+ (2007)	349
9	Percentage of Existing Senior <u>Owner</u> Households Likely to Move if New Affordable Rental Housing Were Available	5%

10	Number of Existing Senior <u>Owner</u> Households Likely to Move If New Affordable Rental Housing Were Available	17
11	Number of Existing Senior Non-Head of Households Likely to Move If New Affordable Rental Housing Were Available	4
12	<b>PMA</b> Qualified Household Demand (2007)	49
13	<b>SMA</b> Qualified Household Demand (2007)	10
14	<b>PMA</b> and <b>SMA</b> Affordable Senior Housing Potential Hsld Demand (2007)	58
	<b>PMA</b> Projected Qualified Household Growth 2007-2012	1BR/2BR
15	Gross Rent (includes utility costs paid by tenants)	\$ 552
16	Percentage of Income to Housing	50%
17	Minimum Income (Affordability)	\$ 13,248
18	Maximum Income (Tax Credit Limit)	\$ 23,250
19	Appropriate Sized, Income Qualified, Renter Households, Age 62+ (2012)	175
20	Percentage of Projected Senior Renter Households Likely to Move if New Affordable Housing Were Available	15%
21	Number of Projected Senior Renter Households Likely to Move if New Affordable Housing Were Available	26
22	Appropriate Sized, Income Qualified, <u>Owner</u> Households, Age 62+ (2012)	367
23	Percentage of Projected Senior <u>Owner</u> Households Likely to Move if New Affordable Rental Housing Were Available	5%

	Number of Projected Senior <u>Owner</u> Households Likely to Move	
24	If New Affordable Rental Housing Were Available	18
	Number of Projected Senior Non-Head of Households Likely to Move	
	If New Affordable Rental Housing Were Available	4
25	<b>PMA</b> Qualified Household Demand (2012)	49
26	<b>SMA</b> Qualified Household Demand (2012)	10
27	<b>PMA</b> and <b>SMA</b> Affordable Senior Housing Potential Hsld Demand (2012)	59
28	<b>PMA</b> and <b>SMA</b> Qualified Household Growth/Decline (2007-2012)	1
29	<b>PMA</b> and <b>SMA</b> Average <i>Annual</i> Potential Demand (2007-2012)	58
30	<b>DMA</b> Capture Rate	70%
31	<b>DMA</b> <i>Annual</i> Affordable Senior Rental Potential Demand (2007-2012)	41

Line 12 is a current estimate (2007) of the total number of existing senior households that forms the potential senior rental housing demand from the primary market area. The estimate was determined by considering the gross market rents (including utility costs), the level of income to housing costs, the maximum tax credit income limits, estimated annual turnover rate of existing senior renter households, estimated interest from senior homeowner households, estimated interest from non-head of household seniors, and the HISTA data.

Line 13 is a current estimate of the total number of existing senior households that form the potential affordable rental housing demand from the secondary market area. The estimate was made by considering that 15% to 20% of the demand for most rental housing developments typically comes from the secondary market area.

Line 14 is an estimate of the potential affordable senior rental housing demand from households from the primary and secondary market area in 2007.

Line 25 is a projection (2012) of the total number of existing senior households that form the potential senior rental housing demand from the primary market area. The projection was determined by considering the gross market rents (including utility costs), the level of income to housing costs, the maximum tax credit income limits, estimated annual turnover rate of existing senior renter households, estimated interest from senior homeowner households, estimated interest from non-head of household seniors, and the HISTA data.

Line 26 is a projection of the total number of existing senior households that form the potential affordable rental housing demand from the secondary market area. The projection was made by considering that 15% to 20% of the demand for most rental housing developments typically comes from the secondary market area.

Line 27 is a projection of the potential affordable senior rental housing demand from households from the primary and secondary market areas in 2012.

Line 28 is a projection of qualified household growth/decline between 2007 and 2012 and is calculated by subtracting the 2012 household demand projection from the 2007 estimate.

Line 29 is the average annual potential demand that is calculated by considering the current demand in 2007 and the annual growth or decline between 2007 and 2012.

Line 30 is the estimated capture rate for the downtown market area. It is an estimate of the percentage of qualified households in the primary and secondary market areas that would consider affordable senior rental units in the downtown market area. The capture rate selected reflects the fact that at the current time any affordable senior housing development that would be produced in the downtown market area would have little competition and should attract a large share of the affordable senior housing market. Normally a capture rate at 70% would appear to be risky, but because the market is so limited in its choices a new development could be expected to attract a large portion of the pool of prospective tenants.

Line 31 is an *annual* projection of the number of qualified households that are expected to be in the primary and secondary market areas between 2007 and 2012 that could be attracted to affordable senior rental units in the downtown market area. This is an estimate of the total number of senior households on an annual basis that could provide the potential market demand for an affordable senior development in the downtown market area. This is a point in time estimate and could change based on changes in supply and demand between this point in time and 2012.

**Sedalia, Missouri Annual Downtown Market Demand 2007-2012**  
**Affordable Senior Rental Housing**

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom .....	5
Two Bedrooms .....	36
Total .....	41

As previously mentioned affordable housing can jumpstart the housing demand in the downtown market area because it is less constrained by rent and production cost limitations as market rate housing. In sluggish markets affordable housing can be successful if there is a shortage of quality, affordable units. Such is the case in Sedalia where all of the senior affordable housing developments are reporting strong occupancy and in some cases waiting lists.

There is an affordable senior housing development in the production process in a neighborhood north of downtown. The Lincoln-Hubbard Apartments will contain 38 one and two bedroom units for limited income seniors age 55+. Because of the strong affordable senior rental housing demand in the overall Sedalia market, it is the opinion of the analyst that the potential demand for affordable senior rental housing units through 2012 will exceed the demand that will be served by the Lincoln-Hubbard Apartments.

There is a market rate assisted senior development that has been planned at the southeast corner of 5th and Ohio. The development, which will be known as the Furnell Landmark Building, will consist of a new building and the facade of the existing Fox Theater. This development will serve senior households with more financial resources than the profile of senior households used in this analysis. The analyst does not have enough information to make a comfortable assessment of the demand for assisted living units in the downtown market area, but based on the size of the community and the lack of comparable facilities would estimate that at least 50 assisted living units should be marketable.

**Affordable Family Rental Housing Demand Analysis**

As previously mentioned in the preceding section, early on in the downtown revitalization process rental housing could play a key role by housing some of the pioneers of the downtown residential renaissance. The market for affordable family rental housing like affordable senior rental housing could be one of the first markets to develop in the downtown market area because of the limited affordable rental options in the community and the financial ease of producing this type of development. Because of rent and production cost constraints it is generally easier to develop affordable rental housing using the many subsidy programs that are available than it is to develop market rate rental housing. This section will contain an analysis of the potential residential demand in the downtown area for affordable family rental units.

Starting with HISTA demographic data the following analysis concludes that between 2007 and 2012 there could be an annual potential household demand for affordable family rental units in the Downtown Market Area of Sedalia from approximately 52 households. Following is the analysis:

Affordable Family Rental Potential Demand Analysis				
PMA Qualified Household Demand (2007)				
		1BR	2BR	3BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 440	\$ 525	\$ 610
2	Percentage of Income to Housing	35%	35%	35%
3	Minimum Income (Affordability)	\$ 15,086	\$ 18,000	\$ 20,914
4	Maximum Income (Tax Credit Limits)	\$ 21,060	\$ 25,260	\$ 29,190
5	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2007)	216	127	81
6	Percentage of Annual Turnover of Existing HH	<u>25%</u>	<u>25%</u>	<u>25%</u>
7	Number of Renter HH Turnover	54	32	20
8	Number of Non-Head of Household Potential Tenants	16	10	6
9	<b>PMA Qualified Household Demand (2007)</b>	<b>70</b>	<b>41</b>	<b>26</b>
10	<b>SMA Qualified Household Demand (2007)</b>	<b>14</b>	<b>8</b>	<b>5</b>
11	<b>PMA and SMA Affordable Family Rental Potential Hshld Demand (2007)</b>	<b>84</b>	<b>50</b>	<b>32</b>
PMA Qualified Household Demand (2012)				
		1BR	2BR	3BR
12	Gross Rent (includes utility costs paid by tenants)	\$ 485	\$ 580	\$ 675
13	Percentage of Income to Housing	35%	35%	35%
14	Minimum Income (Affordability)	\$ 16,629	\$ 19,886	\$ 23,143
15	Maximum Income (Tax Credit Limits)	\$ 23,250	\$ 27,887	\$ 32,226
16	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2012)	213	152	81

17	Percentage of Annual Turnover of Existing HH	25%	25%	25%
		-	-	-
18	Number of Renter HH Turnover	53	38	20
		-	-	-
19	Number of Non-Head of Household Potential Tenants	16	11	6
		-	-	-
20	<b>PMA</b> Qualified Household Demand (2012)	69	49	26
21	<b>SMA</b> Qualified Household Demand (2012)	14	10	5
22	<b>PMA</b> and <b>SMA</b> Affordable Family Rental Potential Hshld Demand (2012)	83	59	32
23	<b>PMA</b> and <b>SMA</b> Qualified Household Growth/Decline (2007-2012)	-1	10	0
24	<b>PMA</b> and <b>SMA</b> Average Annual Potential Demand (2007-2012)	84	51	32
25	<b>DMA</b> Capture Rates	35%	35%	15%
		1BR	2BR	3BR
26	<b>DMA</b> Annual/Affordable Family Rental Potential Demand (2007-2012)	29	18	5

Line 9 is a current estimate (2007) of the total number of existing limited income households that form the potential affordable rental housing demand from the primary market area. The estimate was determined by considering the gross market rents (including utility costs), the level of income to housing costs, the maximum tax credit income limits, estimated annual turnover rate of renter households, estimated interest from non-head of household individuals, and the HISTA data.

Line 10 is a current estimate of the total number of limited income households that form the potential affordable housing demand from the secondary market area. The estimate was made by considering that 15% to 20% of the demand for most rental housing developments typically comes from the secondary market area.

Line 11 is an estimate of the potential affordable housing demand from households from the primary and secondary market area in 2007.

Line 20 is a projection (2012) of the total number of limited income households that form the potential affordable rental housing demand from the primary market area. The projection was determined by considering the gross market rents (including utility costs), the level of income to housing costs, the maximum tax credit income limits, estimated annual turnover rate of renter households, estimated interest from non-head of household individuals, and the HISTA data.

Line 21 is a projection of the total number of limited income households that form the potential affordable housing demand from the secondary market area. The projection was made by considering that 15% to 20% of the demand for most rental housing developments typically comes from the secondary market area.

Line 22 is a projection of the potential affordable housing demand from households from the primary and secondary market areas in 2012.

Line 23 is a projection of qualified household growth/decline between 2007 and 2012 and is calculated by subtracting the 2012 household demand projection from the 2007 estimate.

Line 24 is the average annual potential demand that is calculated by considering the current demand in 2007 and the annual growth or decline between 2007 and 2012.

Line 25 is the estimated capture rates for the downtown market area. It is an estimate of the percentages of qualified households in the primary and secondary market areas that would consider affordable rental units in the downtown market area by bedroom size. The rates take into consideration the fact that the market for affordable family housing in Sedalia is very good. Most of the existing comparable developments are reported to have good occupancy and some have waiting lists. In light of the good market conditions it is the opinion of the analyst that a newly produced affordable family rental housing development in the downtown market area should garner the attention of a large number of potential qualified households and individuals in the primary and secondary market.

Line 26 is an *annual* projection of the number of qualified households that are expected to be in the primary and secondary market areas between 2007 and 2012 that could be attracted to affordable rental units in the downtown market area. This is an estimate of the total number of limited income households on an annual basis that could provide the potential market demand for an affordable family development in the downtown market area. This is a point in time estimate and could change based on changes in supply and demand between this point in time and 2012.

**Sedalia, Missouri Annual Downtown Market Demand 2007-2012**  
**Affordable Family Rental Housing**

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom .....	29
Two Bedrooms .....	18
Three Bedrooms .....	<u>5</u>
Total .....	52

There is a small affordable family development in the production process just to the north of the downtown market area. Dreamer Estates will contain a total of 6 three-bedroom units on infill lots. This development will serve a demand for large family households in the neighborhood north of downtown, but will not serve the total potential affordable family rental housing demand in and around the downtown area of Sedalia.

**Market Rate Rental Housing Demand Analysis**

Early in the downtown revitalization process rental housing will play a key role by housing some of the pioneers of the downtown residential renaissance. The market for non-subsidized, market rate rental housing will probably follow the lead of affordable housing into the downtown area due to rent and production cost limitations, but should play a key role in attracting more moderate and upper income households as the market gains momentum. This section will contain an analysis of the potential residential demand in the downtown area for market rate rental units. Currently the market rate rental housing options in the downtown area of Sedalia are very limited, and throughout the community market rate developments are reported to have good demand.

Starting with HISTA demographic data the following analysis concludes that between 2007 and 2012 there could be an annual potential household demand for market rate rental units in the Downtown Market Area of Sedalia from approximately 53 households. Following is the analysis:

Market Rate Family Rental Potential Demand Analysis				
PMA Qualified Household Demand (2007)		1BR	2BR	3BR
1	Gross Rent (includes utility costs paid by tenants)	\$ 550	\$ 650	\$ 800
2	Percentage of Income to Housing	25%	25%	25%
3	Minimum Income (Affordability)	\$ 26,400	\$ 31,200	\$ 38,400
4	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2007)	489	353	252
5	Percentage of Annual Turnover of Existing HH	25%	25%	25%
	Number of Renter HH Turnover	122	88	63
6	Number of Non-Head of Household Potential Tenants	37	26	19
7	<b>PMA Qualified Household Demand (2007)</b>	<b>159</b>	<b>115</b>	<b>82</b>
8	<b>SMA Qualified Household Demand (2007)</b>	<b>32</b>	<b>23</b>	<b>16</b>
9	<b>PMA and SMA Market Rate Rental Potential Household Demand (2007)</b>	<b>191</b>	<b>138</b>	<b>98</b>
PMA Qualified Households (2012)		1BR	2BR	3BR
10	Gross Rent (includes utility costs paid by tenants)	\$ 610	\$ 720	\$ 885
11	Percentage of Income to Housing	25%	25%	25%
12	Minimum Income (Affordability)	\$ 29,280	\$ 34,560	\$ 42,480
13	Appropriate Sized (1-5 Person HH) , Income Qualified, Renter HH, Age 18-61 (2012)	458	327	268

14	Percentage of Annual Turnover of Existing HH	25%	25%	25%
		-	-	-
15	Number of Renter HH Turnover	115	82	67
16	Number of Non-Head of Household Potential Tenants	34	25	20
17	<b>PMA</b> Qualified Household Demand (2012)	149	106	87
18	<b>SMA</b> Qualified Household Demand (2012)	30	21	17
19	<b>PMA</b> and <b>SMA</b> Market Rate Rental Potential Household Demand (2012)	179	128	105
20	<b>PMA</b> and <b>SMA</b> Qualified Household Growth/Decline (2007-2012)	-12	-10	6
21	<b>PMA</b> and <b>SMA</b> Average Annual Potential Demand (2007-2012)	188	136	100
22	<b>DMA</b> Capture Rates	15%	15%	5%
		1BR	2BR	3BR
23	<b>DMA</b> Annual/Market Rate Family Rental Potential Demand (2007-2012)	28	20	5

Line 7 is a current estimate (2007) of the total number of existing households that form the potential market rate rental housing demand from the primary market area. The estimate was determined by considering the gross market rents (including utility costs), the level of income to housing costs, estimated annual turnover rate of renter households, estimated interest from non-head of household seniors, and the HISTA data.

Line 8 is a current estimate of the total number of households that form the potential market rate rental housing demand from the secondary market area. The estimate was made by considering that 15% to 20% of the demand for most rental housing developments typically comes from the secondary market area.

Line 9 is an estimate of the potential market rate rental housing demand from households from the primary and secondary market areas in 2007.

Line 17 is a projection (2012) of the total number of households that form the potential market rate rental housing demand from the primary market area. The projection was determined by considering the gross market rents (including utility costs), the level of income to housing costs, estimated annual turnover rate of renter households, estimated interest from non-head of household individuals, and the HISTA data.

Line 18 is a projection of the total number of households that form the potential market rate rental housing demand from the secondary market area. The projection was made by considering that 15% to 20% of the demand for most rental housing developments typically comes from the secondary market area.

Line 19 is a projection of the potential market rate rental housing demand from households from the primary and secondary market areas in 2012.

Line 20 is a projection of qualified household growth/decline between 2007 and 2012 and is calculated by subtracting the 2012 household demand projection from the 2007 estimate.

Line 21 is the average annual potential demand that is calculated by considering the current demand in 2007 and the annual growth or decline between 2007 and 2012.

Line 22 is the estimated capture rates for the downtown market area. It is an estimate of the percentages of qualified households in the primary and secondary market areas that would consider market rate rental units in the downtown market area by bedroom size. The rates take into consideration the fact that the market for non-subsidized rental housing in Sedalia is very good. Most of the existing comparable developments are reported to have good occupancy. In light of the good market conditions it is the opinion of the analyst that a newly produced rental housing development in the downtown market area should garner the attention of a large number of potential qualified households and individuals in the primary and secondary markets.

Line 23 is an *annual* projection of the number of qualified households that are expected to be in the primary and secondary market areas between 2007 and 2012 that could be attracted to market rate rental units in the downtown market area. This is an estimate of the total number of households on an annual basis that could provide the potential market demand for a market rate family rental development in the downtown market area. This is a point in time estimate and could change based on changes in supply and demand between this point in time and 2012.

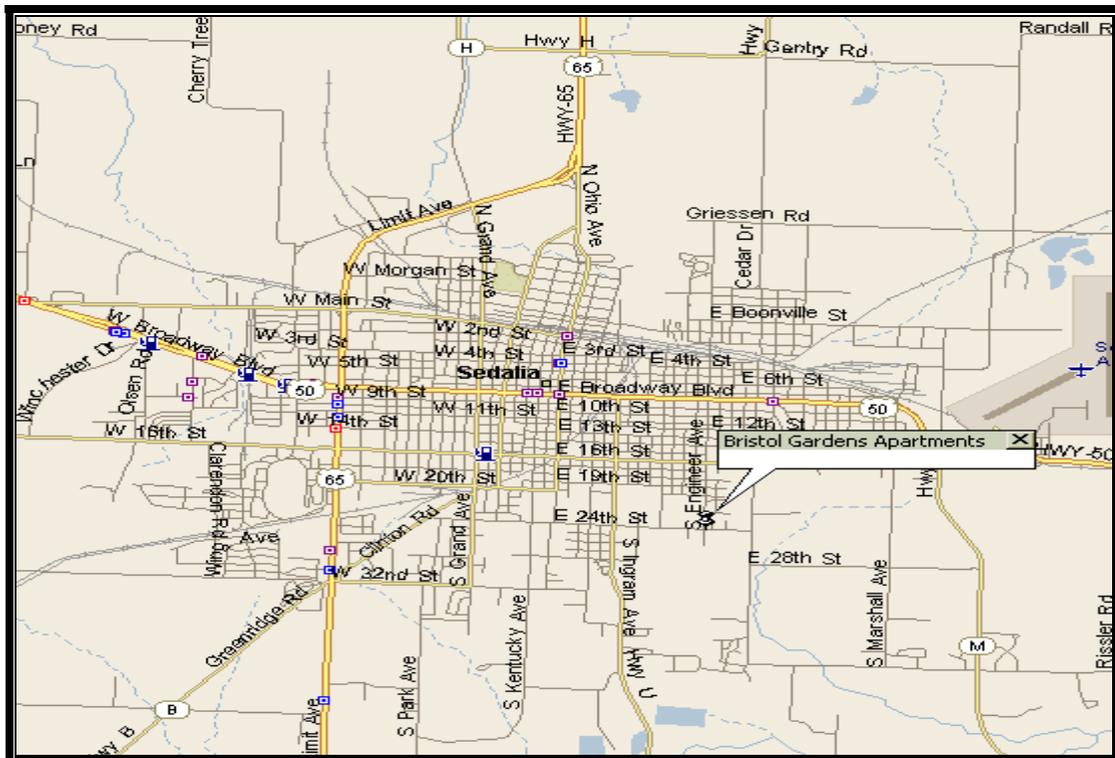
**Sedalia, Missouri Annual Downtown Market Demand 2007-2012**  
**Market Rate Family Rental Housing**

<u>Bedroom Size</u>	<u>Potential Household Demand</u>
One Bedroom .....	28
Two Bedrooms .....	20
Three Bedrooms .....	<u>5</u>
Total .....	53

Stone Creek Apartments, which is one of the newer market rate rental developments in Sedalia, is reported to have a waiting list of primarily one bedroom households.

## Existing Rental Housing Options

**Development:** Bristol Garden Apts.  
**Location:** 24th and Engineer  
Sedalia, Missouri  
**Tenancy:** Market Rate Family  
**Total Units:** 42  
**Zero Bedroom Units/Rent:**  
**One Bedroom Units/Rent:** \$400  
**Two Bedrooms Units/Rent:** \$460-\$500  
**Three Bedrooms Units/Rent:**  
**Occupancy:** 100%  
Jessica, 660-826-4509, 1/2008



Development: Casa Loma Apartments  
Housing Authority

Location: 24th and Engineer  
Sedalia, Missouri

Tenancy: Affordable Senior

Total Units: 55

Zero Bedroom Units/Rent:

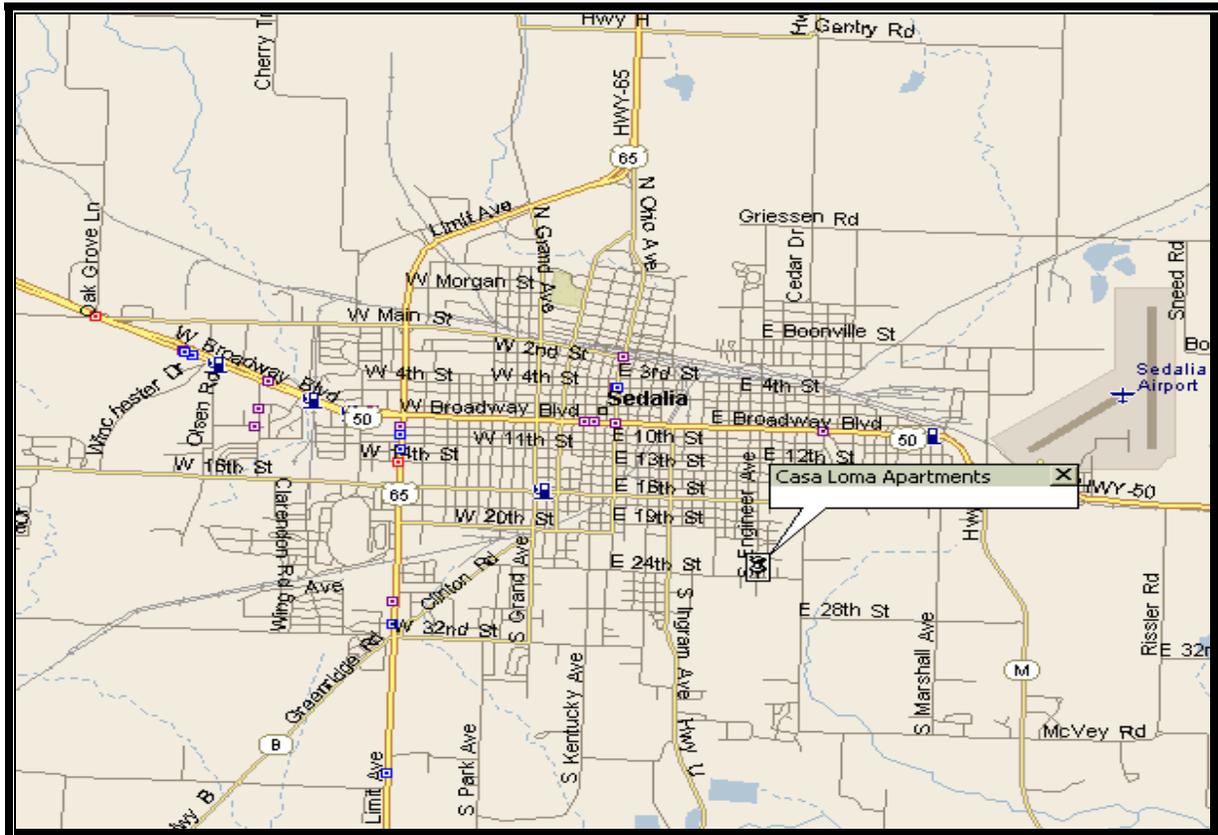
One Bedroom Units/Rent:

Two Bedrooms Units/Rent:

Three Bedrooms Units/Rent:

Occupancy: 100%, with waiting list

Source: Kelly, 660-827-1400, 1/2008



**Development:** Anthony Buckner Apts  
Sedalia Housing  
Authority

**Location:** 500 Welch Court  
Sedalia, Missouri

**Tenancy:** Affordable Family

**Total Units:** 140

**Zero Bedroom Units/Rent:**

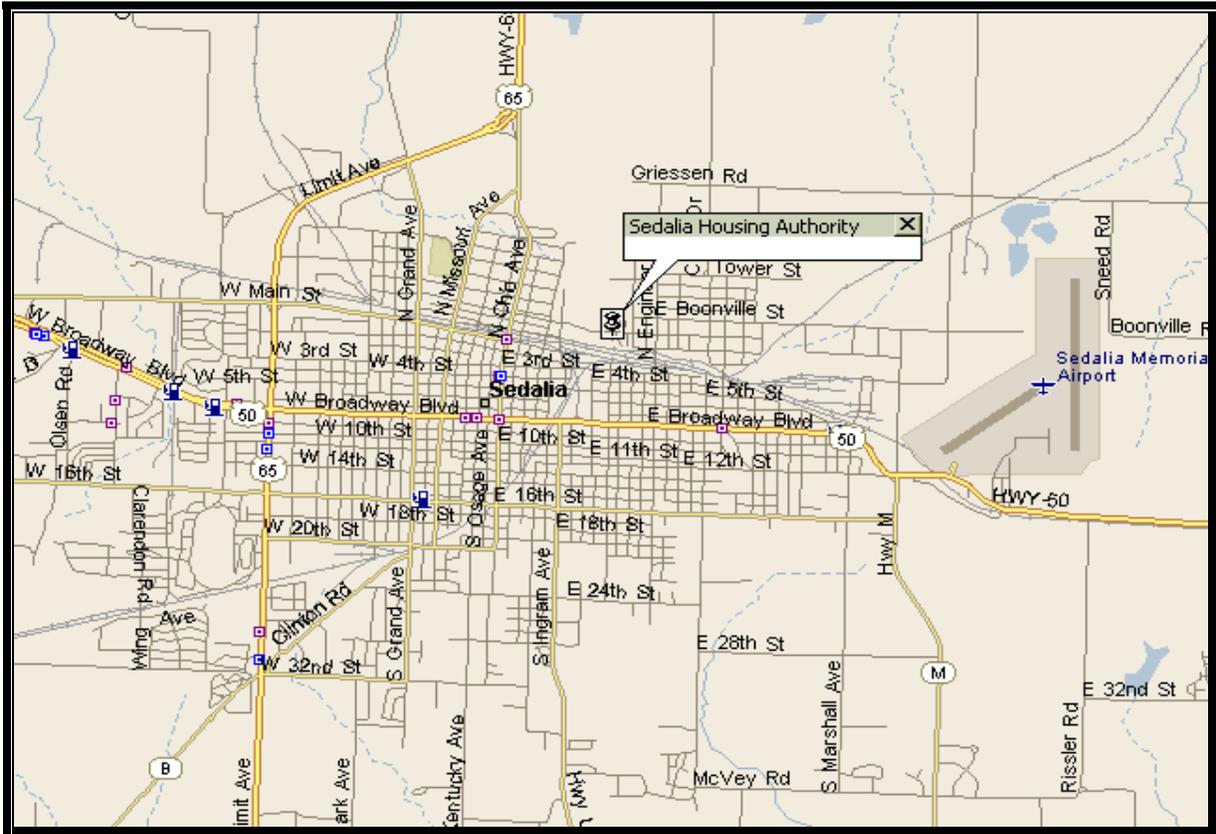
**One Bedroom Units/Rent:**

**Two Bedrooms Units/Rent:**

**Three Bedrooms Units/Rent:**

**Occupancy:** 100%, with waiting list

**Source:** Source: Kelly, 660-827-1400, 1/2008



Development: Eagle Crest Estates Apts.

Location: 700 South State Fair Blvd.  
Sedalia, Missouri

Tenancy: Market Rate Family

Total Units: 48

Zero Bedroom Units/Rent:

One Bedroom Units/Rent: 1/650 sf/\$430

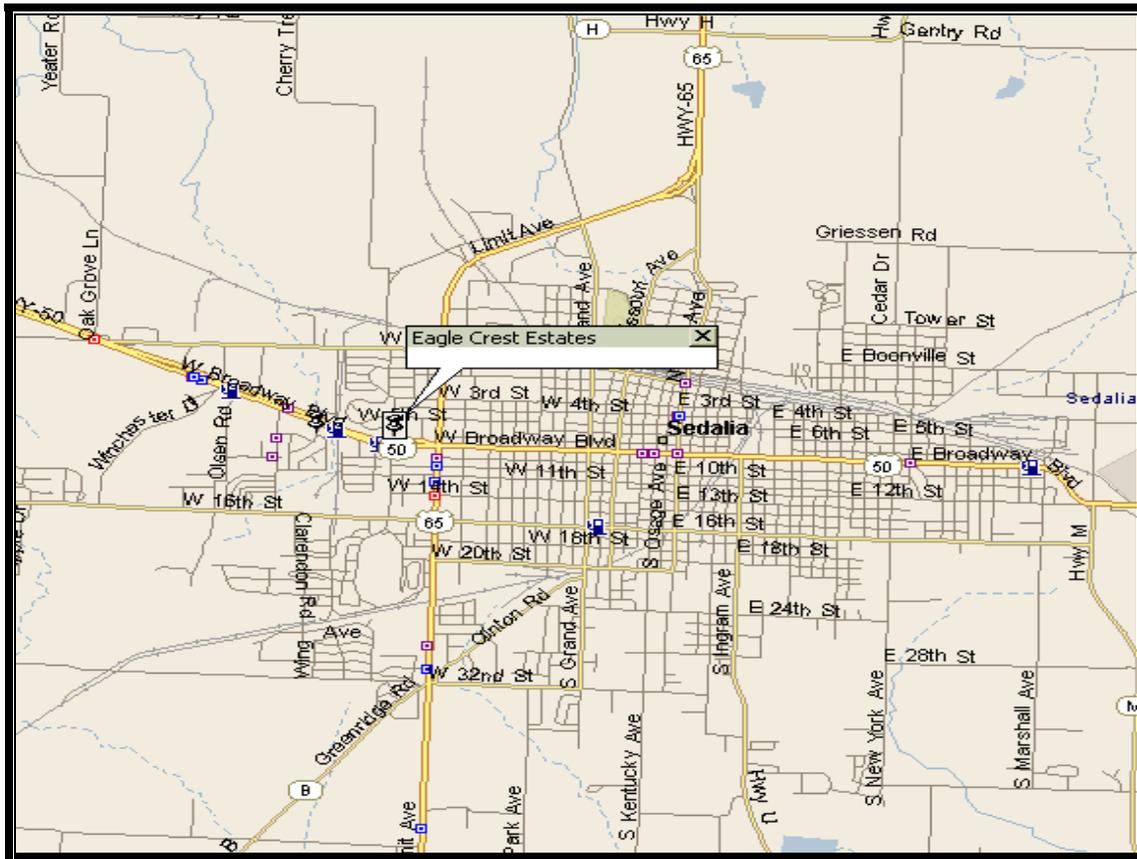
Two Bedrooms Units/Rent: 47/850-950 sf/  
\$485-\$585

Three Bedrooms Units/Rent:

Occupancy: 100%



Source: Market study submitted to MHDC by Gill Group,  
source is Jeff Redford, 660-826-4509,9/2007

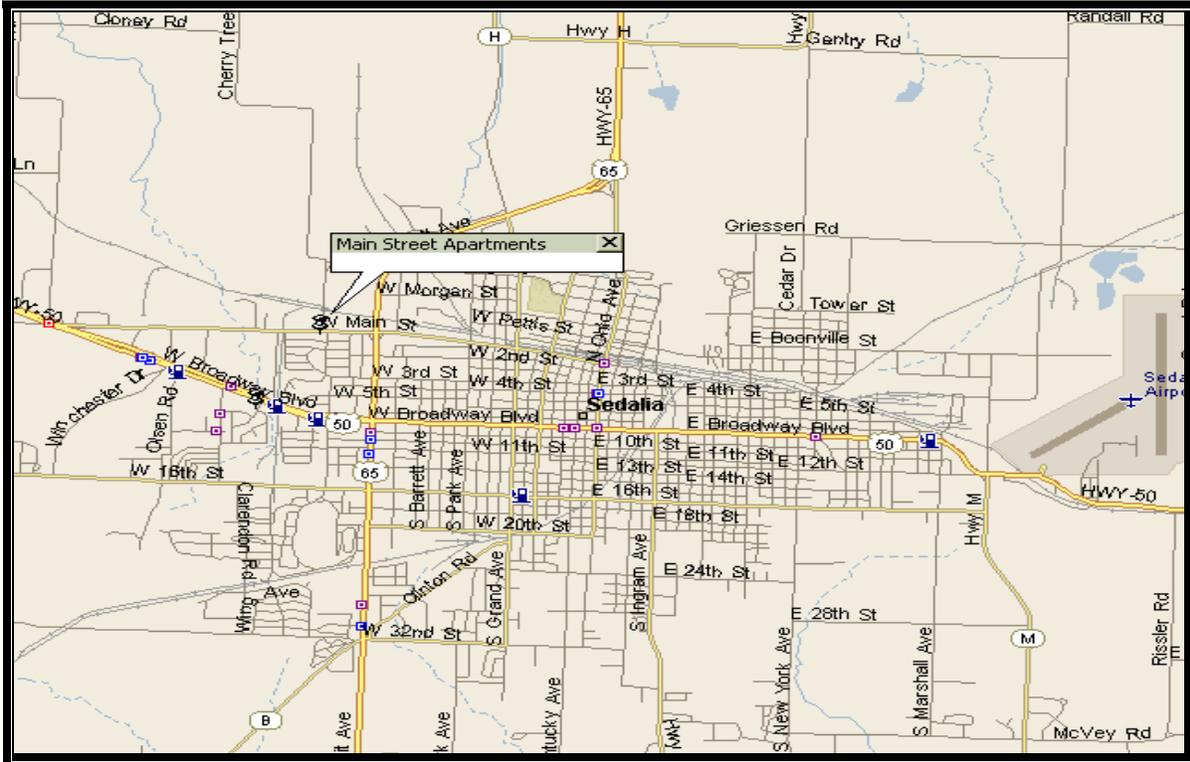




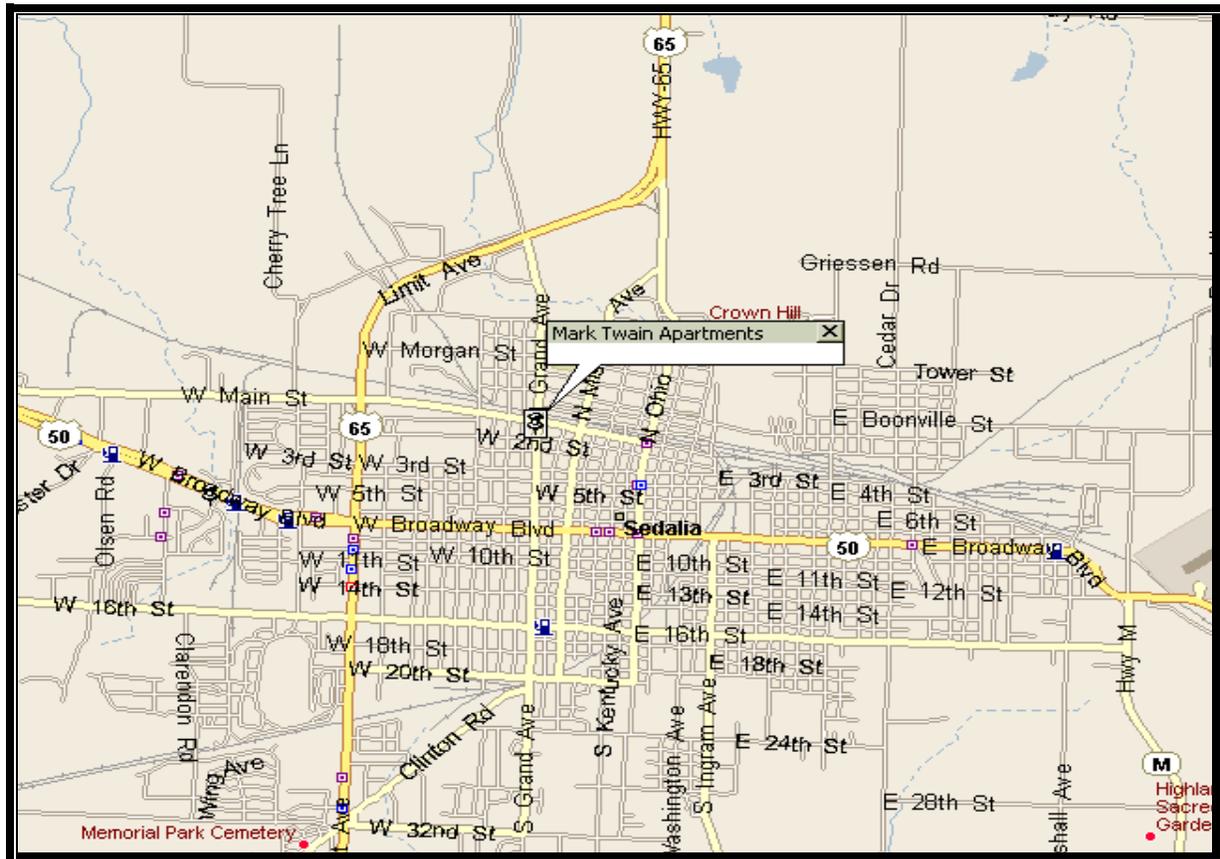
Development: Main Street Apts.  
Location: 2343 W. Main  
Sedalia, Missouri  
Tenancy: Market Rate Family  
Total Units: 20  
Zero Bedroom Units/Rent:  
One Bedroom Units/Rent:  
Two Bedrooms Units/Rent: 20/850 sf/\$400  
Three Bedrooms Units/Rent:  
Occupancy: 100%



Source: Market study submitted to MHDC by Gill Group,  
source listed as Kaisa, 660-826-9993, 9/2007



Development: Mark Twain Apartments  
 Location: 800 W. 2nd Street  
 Sedalia, Missouri  
 Tenancy: Market Rate Family  
 Total Units: Unknown  
 Zero Bedroom Units/Rent: \$265  
 One Bedroom Units/Rent: \$295  
 Two Bedrooms Units/Rent: \$395  
 Three Bedrooms Units/Rent: \$435  
 Occupancy: Unknown  
 Source: Kari Walsh, 660-827-2213, 1/2008





Development: Olsen West Apartments  
Location: 883 Olsen Road  
Sedalia, Missouri

Tenancy: Affordable Senior, Sec. 8

Total Units: 52

Zero Bedroom Units/Rent:

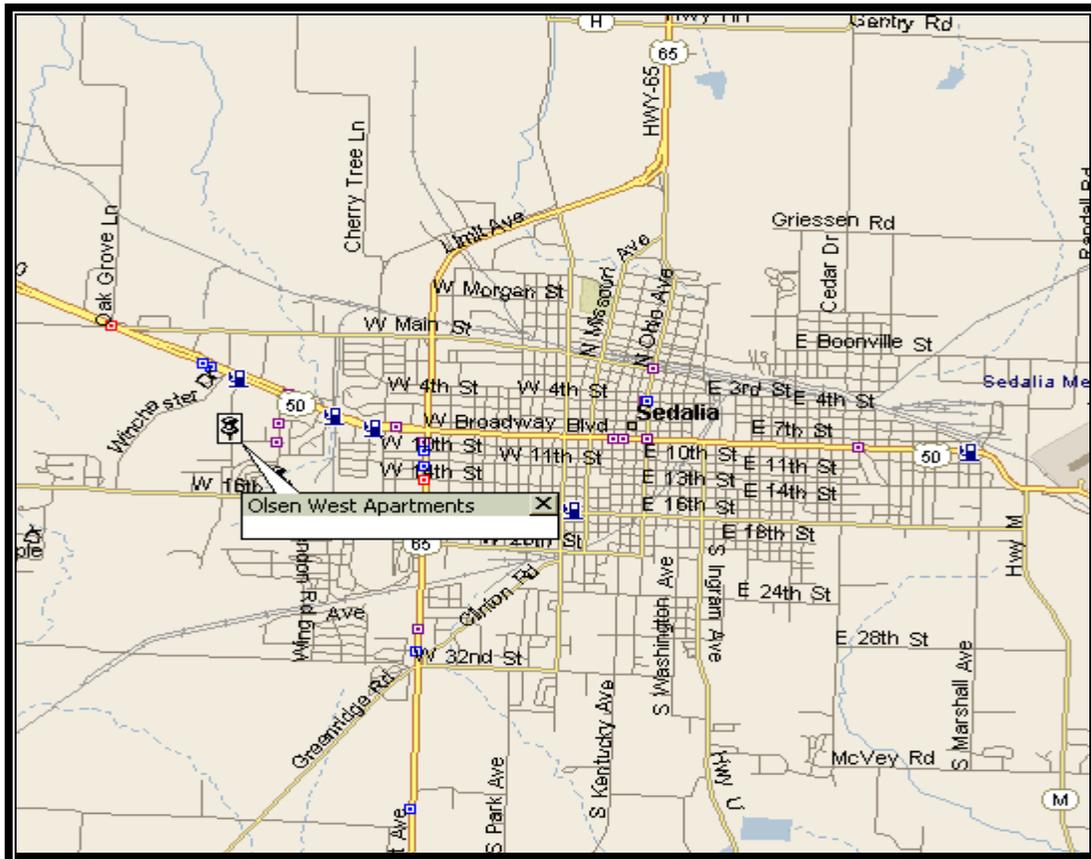
One Bedroom Units/Rent: 52/591 sf/\$352

Two Bedrooms Units/Rent:

Three Bedrooms Units/Rent:

Occupancy: 96%, with wait list

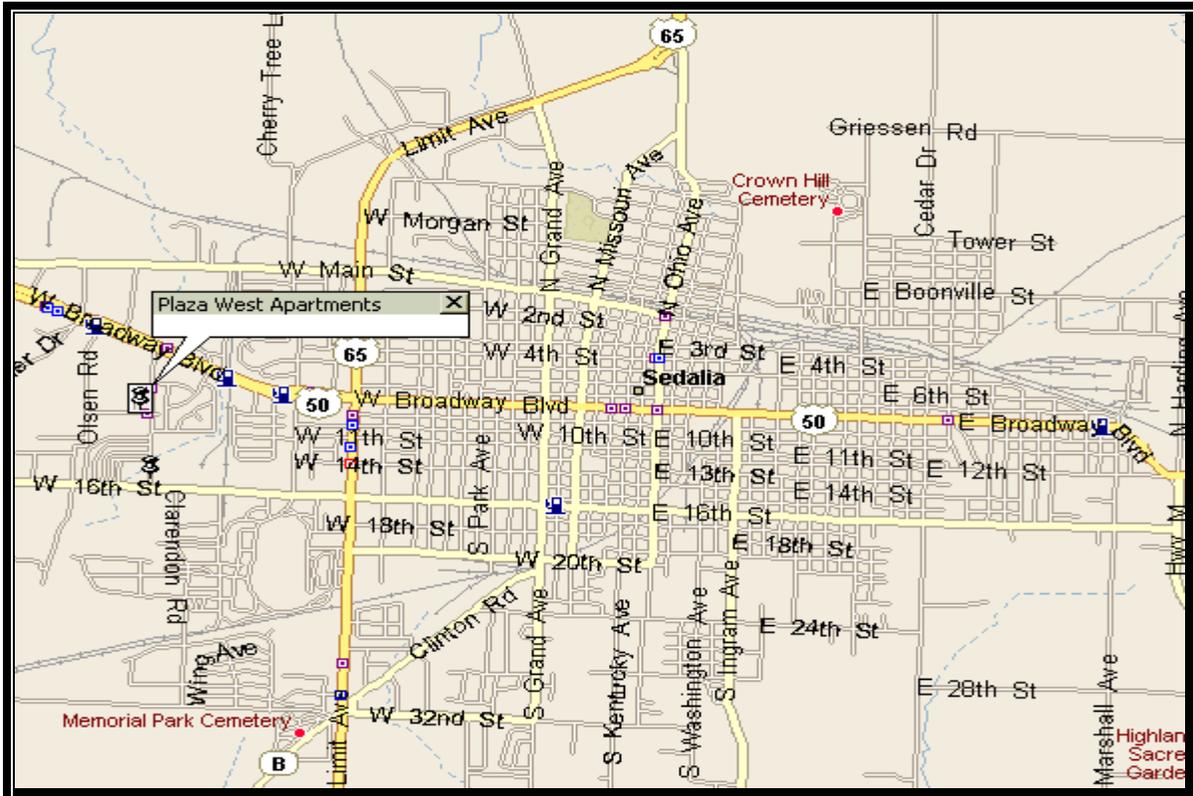
Source: Market study submitted to MHDC by Gill Group,  
source is Linda, 660-827-2484, 9/2007



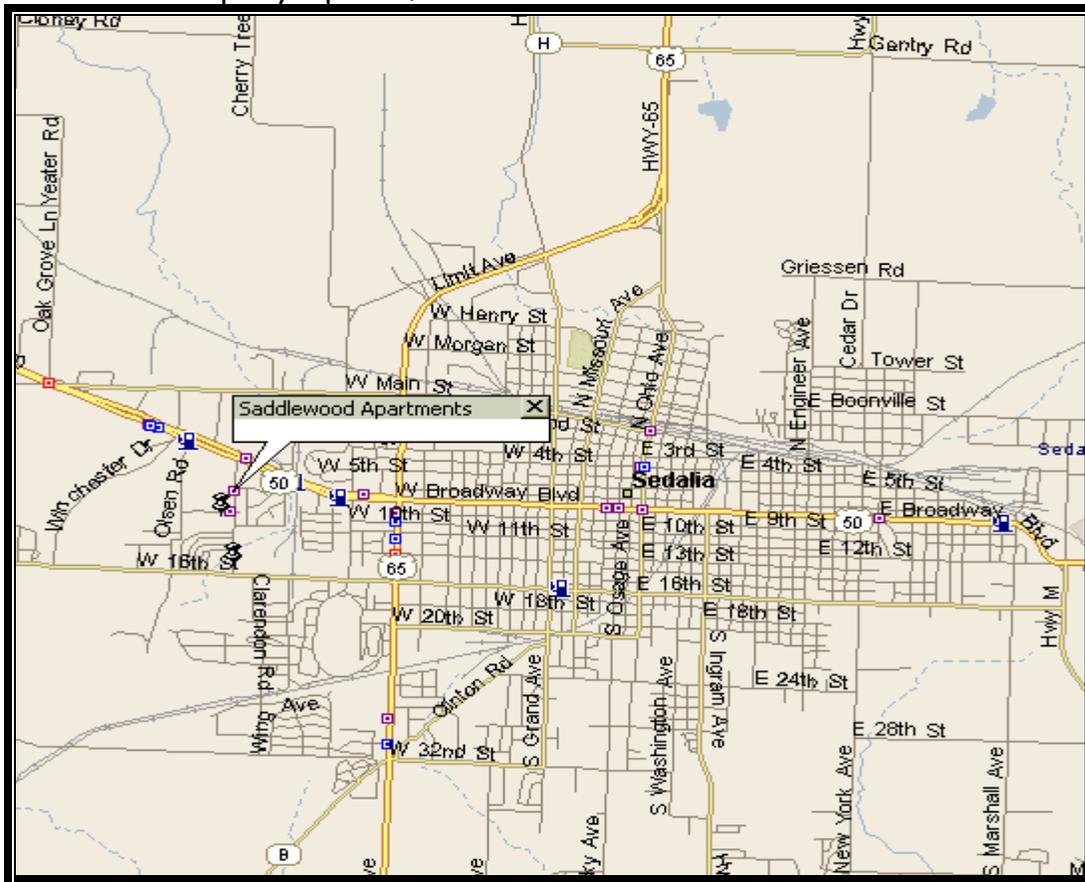
**Development:** Plaza West Apartments  
**Location:** 3134 W. 10th Street  
Sedalia, Missouri  
**Tenancy:** Market Rate Family  
**Total Units:** 46  
**Zero Bedroom Units/Rent:**  
**One Bedroom Units/Rent:** 23/760 sf/\$405  
**Two Bedrooms Units/Rent:** 23/\$445  
**Three Bedrooms Units/Rent:**  
**Occupancy:** 100%



Source: Market study submitted to MHDC by Gill Group  
Dale Harvey, 660-827-3697, quoted as source  
of information, 9/2007



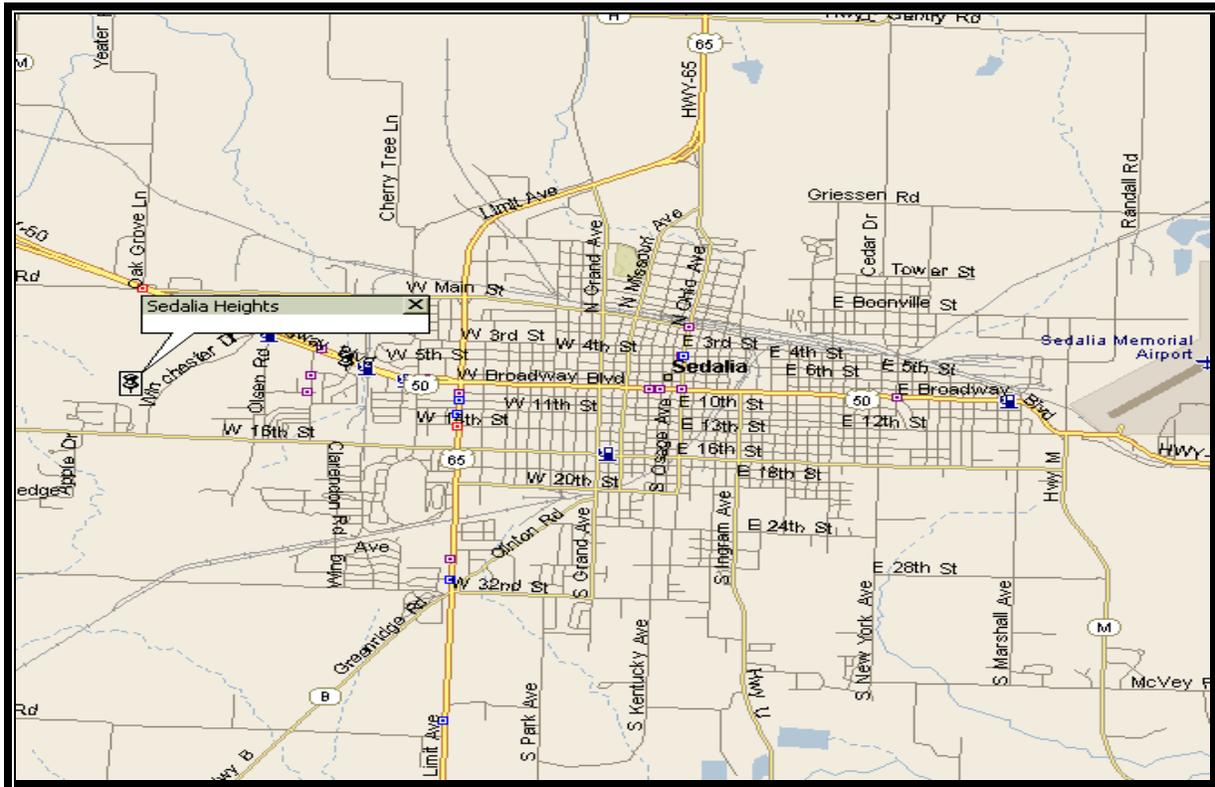
Development: Saddlewest Apartments  
Location: 3201 W. 10th Street  
Sedalia, Missouri  
Tenancy: Affordable Senior, Sec. 8  
Total Units: 32  
Zero Bedroom Units/Rent:  
One Bedroom Units/Rent: 32/\$502  
Two Bedrooms Units/Rent:  
Three Bedrooms Units/Rent:  
Occupancy: 100%  
Source: MHDC Occupancy Report 12/2007



**Development:** Sedalia Heights Apartments  
**Location:** 900 Westwood Drive  
Sedalia, Missouri  
**Tenancy:** Affordable Family  
**Total Units:** 48  
**Zero Bedroom Units/Rent:**  
**One Bedroom Units/Rent:**  
**Two Bedrooms Units/Rent:** 35/850 sf/\$339  
**Three Bedrooms Units/Rent:** 13/1,000 sf/\$375  
**Occupancy:** 98%, with wait list



Source: Market study submitted to MHDC by Gill Group,  
source is Heather Perkins, 660-829-1588, 9/2007



**Development:** Sedalia Villa Apartments

**Location:** 904 Winchester Drive  
Sedalia, Missouri

**Tenancy:** Affordable Family

**Total Units:** 36

**Zero Bedroom Units/Rent:**

**One Bedroom Units/Rent:**

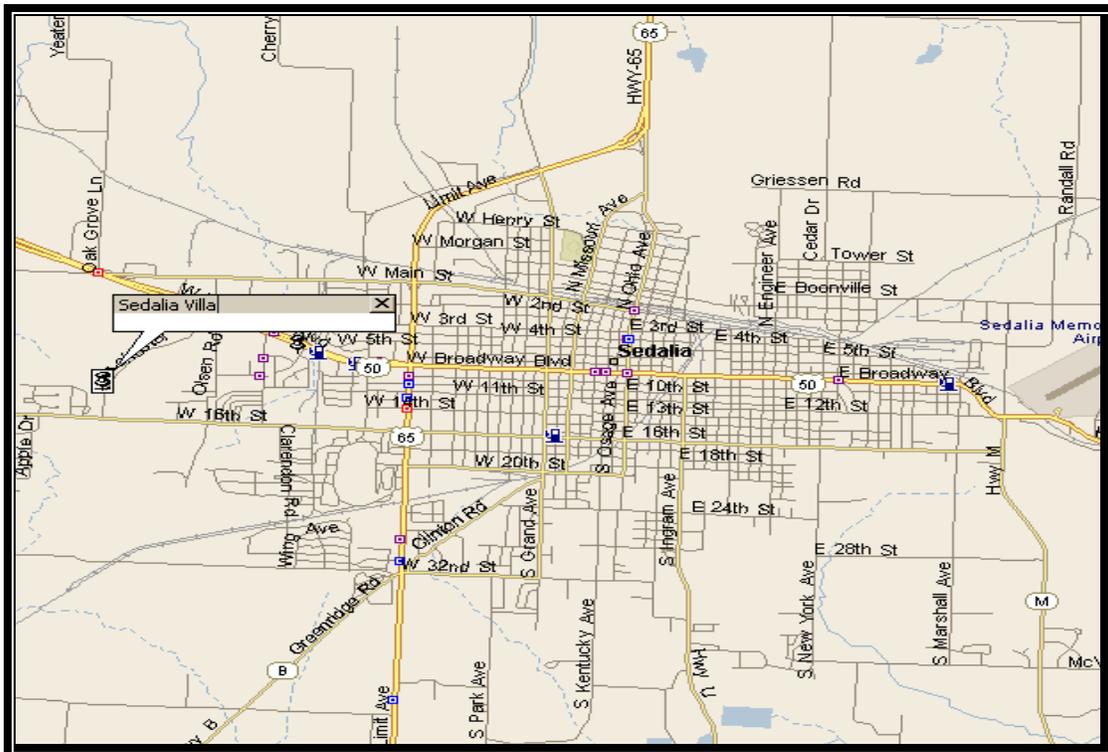
**Two Bedrooms Units/Rent:** 32/850 sf/\$363

**Three Bedrooms Units/Rent:** 4/1,000 sf/\$390

**Occupancy:** 100%, with wait list



Source: Market study submitted to MHDC by Gill Group, source is Heather Perkins, 660-829-1588, 9/2007



**Development:** Somerset Apartments

**Location:** 804 Ruth Ann Drive  
Sedalia, Missouri

**Tenancy:** Market Rate Family

**Total Units:** 46

**Zero Bedroom Units/Rent:**

**One Bedroom Units/Rent:** 23/900 sf/\$405

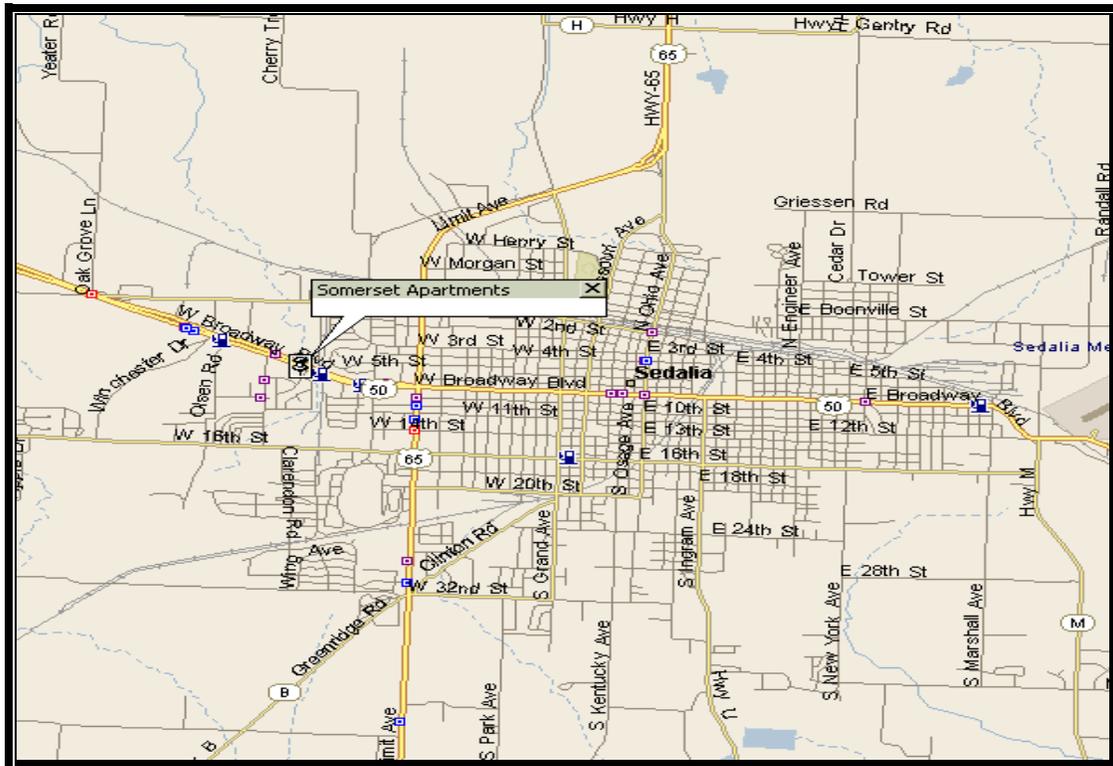
**Two Bedrooms Units/Rent:** 23/1,000 sf/\$445

**Three Bedrooms Units/Rent:**

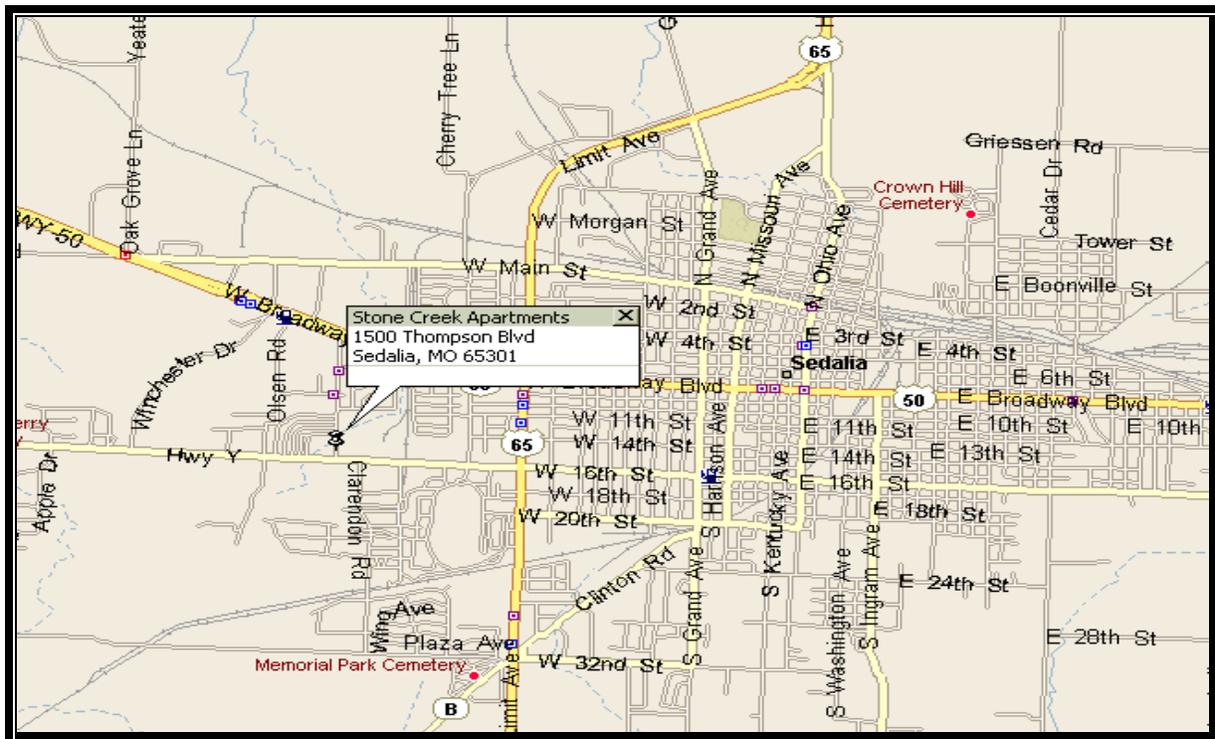
**Occupancy:** 100%, with wait list



**Source:** Market study submitted to MHDC by Gill Group,  
source is Dora Parker, 660-826-6340, 9/2007

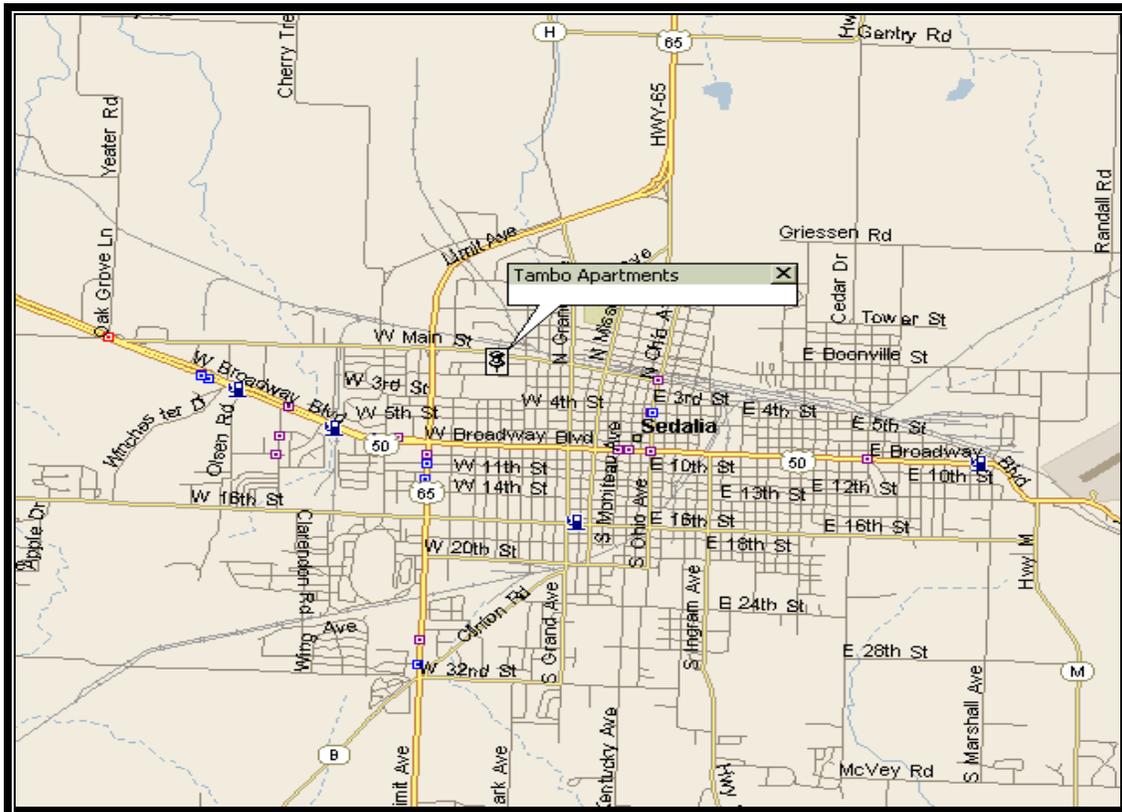


**Development:** Stone Creek Apartments  
**Location:** 1500 Thompson Blvd.  
Sedalia, Missouri  
**Tenancy:** Market Rate Family  
**Total Units:** 76  
**Zero Bedroom Units/Rent:** 320sf/\$400  
**One Bedroom Units/Rent:** 480 sf/\$475  
**Two Bedrooms Units/Rent:** 800 sf/\$595  
**Three Bedrooms Units/Rent:** 1,000 sf/\$700  
**Occupancy:** 100%, with wait list  
**Source:** Rachel (660-826-8345) 1/2008

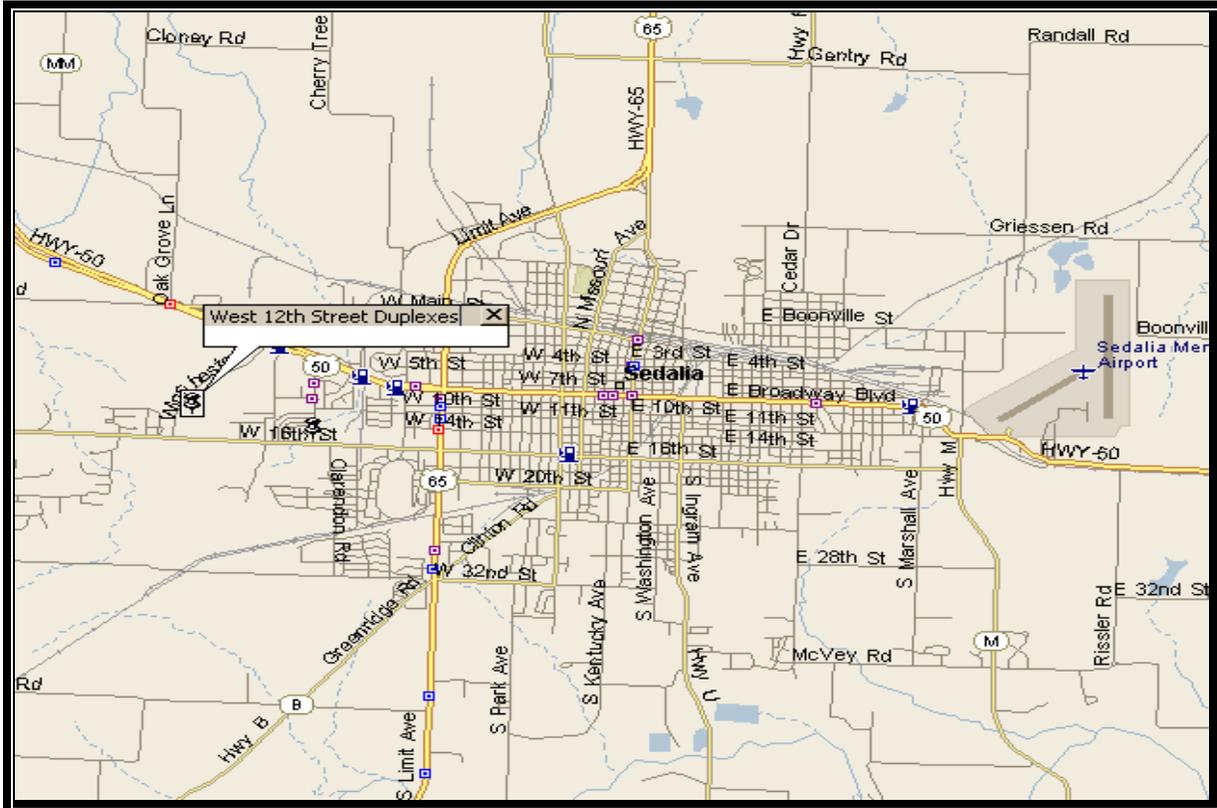


Development: Tambo Apts.  
Location: 1402 Liberty Park Blvd.  
Sedalia, Missouri  
Tenancy: Affordable Senior  
Total Units: 38  
Zero Bedroom Units/Rent:  
One Bedroom Units/Rent: 38/350 sf/Sec. 8  
Two Bedrooms Units/Rent:  
Three Bedrooms Units/Rent:  
Occupancy: 100%, with waiting list

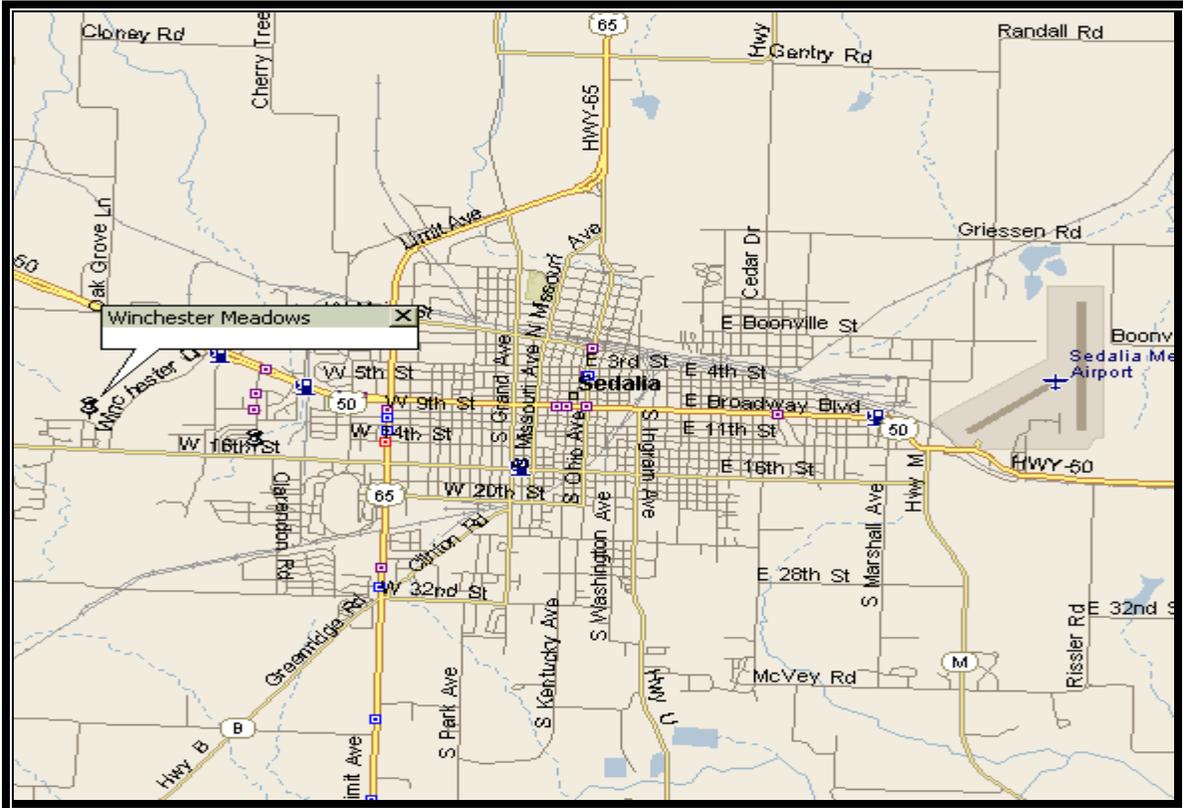
Source: Market study submitted to MHDC by Gill  
Group, source listed as Pam, 660-827-3161, 9/2007



Development: West 12th Street Duplexes  
Location: W. 12th Street near Winchester  
Sedalia, Missouri  
Tenancy: Affordable Senior, Sec. 8  
Total Units: Unknown  
Zero Bedroom Units/Rent:  
One Bedroom Units/Rent:  
Two Bedrooms Units/Rent:  
Three Bedrooms Units/Rent: 1,200 sf/\$750  
Occupancy: 100%, New Units under  
construction  
Source: Jessica, 660-826-4509, 1/2008



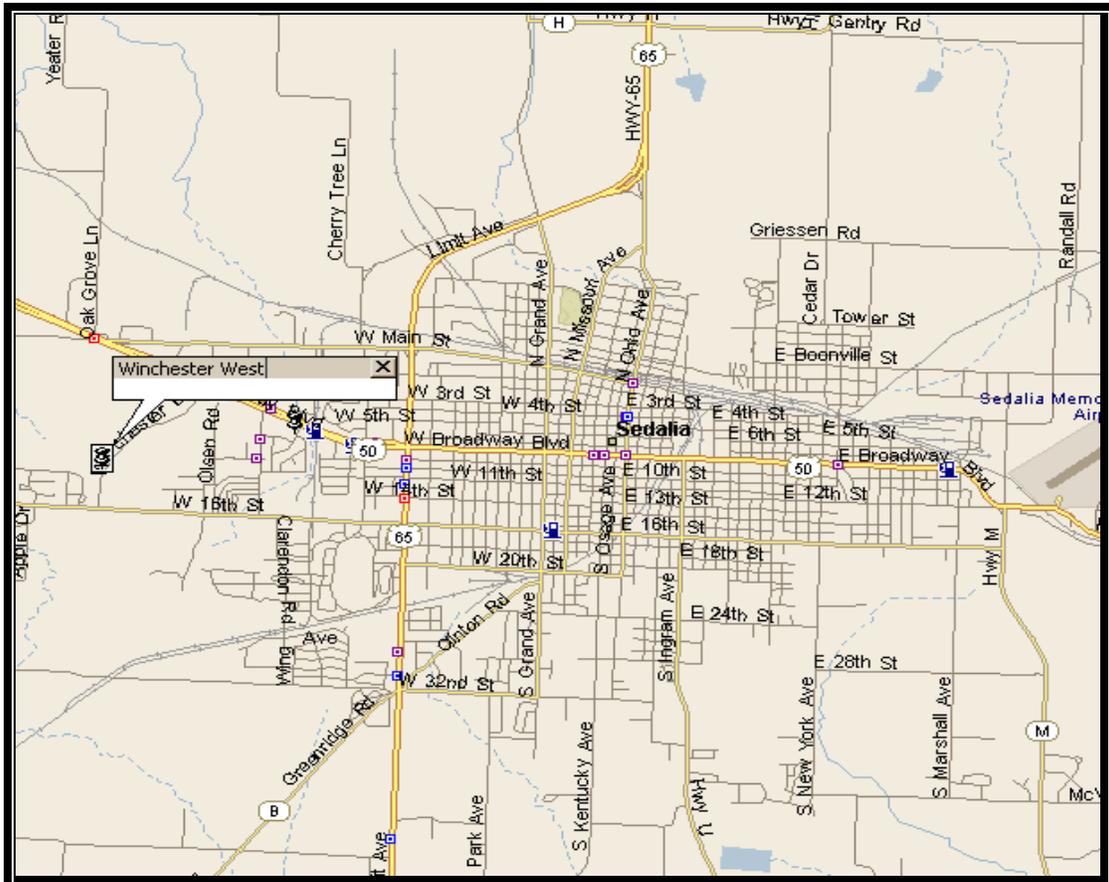
Development: Winchester Meadows Apartments  
Location: 3701 W. 10th Street  
Sedalia, Missouri  
Tenancy: Market Rate Senior  
Total Units: 52  
Zero Bedroom Units/Rent:  
One Bedroom Units/Rent: Rents for all units range  
from \$891 to \$2,000  
Two Bedrooms Units/Rent:  
Three Bedrooms Units/Rent:  
Occupancy: 100%  
Source: Site manager, 660-827-8900, 1/2008



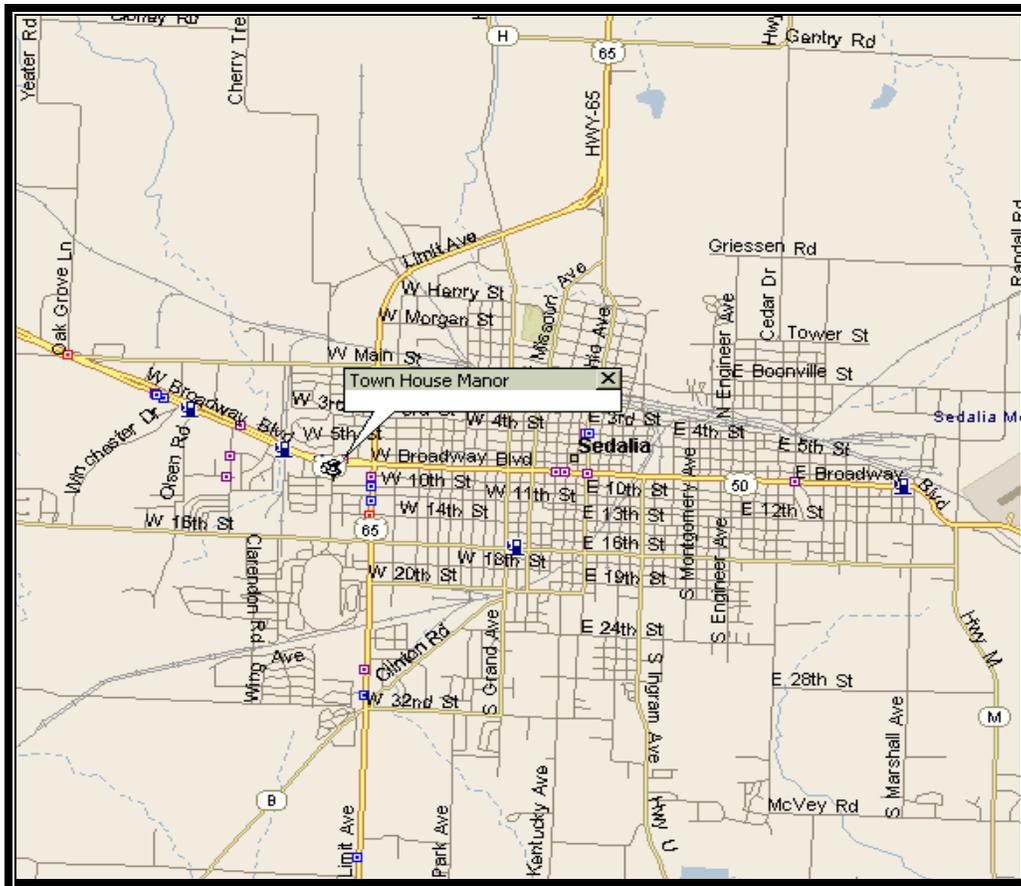
Development: Winchester West Apts.  
 Location: 905 Winchester Drive  
 Sedalia, Missouri  
 Tenancy: Market Rate Family  
 Total Units: 48  
 Zero Bedroom Units/Rent:  
 One Bedroom Units/Rent: 12/800 sf/\$490  
 Two Bedrooms Units/Rent: 36/1,100 sf/\$590  
 Three Bedrooms Units/Rent:  
 Occupancy: 96%



Source: Market study submitted to MHDC by Gill Group,  
 source is Robert Myer, 660-826-3663, 9/2007



**Development:** Town House Manor  
**Location:** 1001 S. State Fair Blvd.  
Sedalia, Missouri  
**Tenancy:** Market Rate Family  
**Total Units:** 36  
**Zero Bedroom Units/Rent:**  
**One Bedroom Units/Rent:** 12/\$425  
**Two Bedrooms Units/Rent:** 24/\$465  
**Three Bedrooms Units/Rent:**  
**Occupancy:** 100%, with wait list  
**Source:** Evelyn, 660-826-3226, 1/2008





## Home Ownership Housing Demand Analysis

The downtown area of Sedalia has a lot of underutilized and vacant building space that could be improved to create new residential opportunities. Much of this space is on the upper floors of some of the existing commercial buildings, which can be converted to apartments and lofts for rental or ownership. In addition to the existing buildings there are some tracts of land in the downtown area that could be improved with new rental or ownership housing opportunities.

The purpose of this analysis is to determine the potential homeownership demand in the downtown area of Sedalia over the next few years. Generally the demand for homeownership in reviving downtown areas follows the period of time in which young urban pioneers have reestablished the downtown area as a place to live by creating a rental market. Once the area proves itself to be a desirable and safe place to live it should attract less transient households with sufficient credit, net worth, and desire to locate permanently to the area. The typical households that comprise the initial homebuyers in reviving downtowns are young professionals and Baby Boomer empty nesters.

The purpose of this analysis is to estimate the number of potential homebuyers for units in the Downtown Market Area of Sedalia between the present and 2012. Typical homebuyers in the downtown Sedalia market are considered to be small households with incomes from \$30,000 to \$100,000 for ownership units that could be priced from \$75,000 to \$200,000.

Starting with HISTA demographic data the following analysis concludes that between 2007 and 2012 there could be an annual potential demand for ownership units in the Downtown Market Area of Sedalia from approximately 6 households. Following is the analysis and an explanation of the process used in the analysis:

Home Ownership Potential Demand Analysis		
1	Owner Occupied Units (2007)	5,618
2	Estimated Annual Owner Unit Turnover Rate	5%
3	Existing Homeowner Turnover	281
4	First Time Homebuyers (40% of market)	187
5	Total Estimated Homebuyers	468
6	Estimated Age, Size, and Income Target HH for Downtown (2007)	126

7	Owner Occupied Units (2012)	5,669
8	Estimated Annual Owner Unit Turnover Rate	5%
9	Existing Homeowner Turnover	283
10	First Time Homebuyers (40% of market)	189
11	Total Estimated Homebuyers	472
12	Estimated Age, Size, and Income Target HH for Downtown (2012)	132
13	PMA Target HH Growth/Decline (2007-2012)	6
14	PMA Target HH Annual/Potential Demand (2007-2012)	127
15	DMA Capture Rate	5%
16	DMA Annual Homebuyer Potential Demand (2007-2012)	

Line 6 is an estimate of the total number of target households in the primary market area in 2007 that was determined by considering the total number of occupied units, the estimated annual turnover rate of existing homeowners, and the estimated number of first time homebuyers, the profile of target households in the downtown area of Sedalia. The target profile are small households (1-3 persons), aged 18-61, with incomes from \$30,000 to \$100,000.

Line 12 is an estimate of the total number of target households in the primary market area in 2012 that was determined by considering the total number of occupied units, the estimated annual turnover rate of existing homeowners, and the estimated number of first time homebuyers, the profile of target households in the downtown area of Sedalia. The target profile are small households (1-3 persons), aged 18-61, with incomes from \$30,000 to \$100,000.

Line 13 is the target household growth/decline in the primary market area from 2007 to 2012 that was determined by subtracting the total target households in 2012 from the target households in 2007.

Line 14 is the average annual target household potential demand (2007-2012) in the entire Sedalia market area.

Line 15 is the estimated capture rate for the downtown market area. It is an estimate of the percentage of target households in the entire primary market area that would consider homeowner options in the downtown market area. The rate selected is considered to be a conservative estimate because the homeownership market in downtown at this time is unproven and other homeownership options exist in the primary market area. As the homeownership market in downtown Sedalia takes form, it is very likely that the capture rate for the area should increase.

Line 16 is an annual projection of the number of target households that are expected to be in the primary market area between 2007 and 2012 that could be attracted to homeownership options in the downtown market area. This is a point in time estimate and could change based on changes in supply and demand between this point in time and 2012.

## Sedalia, Missouri Annual Downtown Market Demand 2007-2012

### Home Ownership

#### **6 Households**

Most of the newer subdivisions in the city, Cambridge Village, Katy Trail, Oak Ridge Heights, and Covered Bridge Estates are located in the southern area of the city. There are some homes that are currently under construction in some of the subdivisions and lots are also available, but overall the sales market is sluggish compared to previous years. The majority of new homes within the city are generally priced from \$150,000 to \$200,000, but there are some new homes priced higher.

There does not appear to be many attached homes for sale in the market. Lofts and attached style homes would seem to fit well in the downtown area because they are very limited in the community and attractive to young, small, or older and small resident households. Initially price points will tend to be conservative and targeted to young, small households. As the market matures there could be interest for higher quality ownership units from older empty nester type of households and young professionals.

The early demand for home ownership in the downtown area should be slow, but it should grow when the market perceives that the downtown residences in addition to being a unique place to live could also offer a good investment opportunity.

## **Housing Production Considerations and Financing**

Financing housing production in the downtown area initially may require a plan that draws on many different sources. Because the market is unproven, initially it will be easier to finance affordable rental housing than market rate housing due to rent and cost constraints. Once the market is established as a viable housing environment it should be possible to produce rental housing at higher rent levels and eventually residential units for sale. In addition to the many programs designed for affordable housing production there are ways that the city can assist developers to get development started in the downtown area. Following is a list of housing production ideas and sources of financing that could be considered:

- City owned land in the downtown market area that can be used for residential development can be made available below market value.
- City can use its powers of eminent domain to condemn property in the downtown area to make it available for residential development.
- City can assist developers with land assemblage by helping them to work with multiple land owners.

- City can reduce the cost of residential development in downtown by providing parking.
- City can consider special districts for sales and income tax abatement.
- City can consider reducing or waiving fees for construction related items, such as permits, plan review, inspections, infrastructure hook up, etc.
- City can consider increasing the flexibility of building and zoning codes.
- City can help to fast track the permit approval process.
- City can consider working with private developers in public/private partnerships initially as a catalyst for change. Examples of this could be the city leasing a portion of a mixed use development or the city developing a portion of a mixed use development for its own use.
- City can help to absorb some of the site costs, such as demolition and if necessary remediation.
- Real estate tax abatement
- Tax Increment Financing
- Federal and State Affordable Housing Tax Credit
- Federal and State Historic Tax Credit
- New Markets Tax Credit
- Federal and State Subordinated loans and grants
- State First Time Homebuyer Loan Program
- State Down Payment Assistance Program
- Federal Home Loan Bank Board Housing Programs
- State Home Improvement Grant Program

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## SECTION VIII

### ASSUMPTIONS AND LIMITING CONDITIONS

1. The area description supplied to the appraiser is assumed to be correct;
2. No survey of the area has been made or reviewed by the appraiser, and no responsibility is assumed in connection with such matters. Illustrative material, including maps and plot plans, utilized in this report are included only to assist the reader in visualizing the property. Area dimensions and sizes are considered to be approximate;
3. No responsibility is assumed for matters of a legal nature affecting title to properties in the area, nor is any opinion of title rendered. Property titles are assumed to be good and merchantable unless otherwise stated;
4. Information furnished by others is believed to be true, correct, and reliable. However, no responsibility for its accuracy is assumed by the appraiser;
5. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless so specified within the report. The property in the area is assumed to be under responsible, financially sound ownership and competent management;
6. It is assumed that there are no hidden or unapparent conditions to the subsoil or structures which would render the properties more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies which may be required to discover them;
7. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present in the area, was not observed by the appraiser.  
  
However, the appraiser is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The conclusions in this report are predicated on the assumption that there are no such materials on or in the area that would cause a loss of value. No responsibility is assumed for any such conditions, or for the expertise required to discover them. The client is urged to retain an expert in this field if desired. The analysis and demand conclusions in this report are null and void should any hazardous material be discovered;
8. Unless otherwise stated in this report, no environmental impact studies were either requested or made in conjunction with this report. The appraiser reserves the right to alter, amend, revise, or rescind any opinions of demand based upon any subsequent environmental impact studies, research, or investigation;
9. It is assumed that there is full compliance with all applicable federal, state. And local environmental regulations and laws unless noncompliance is specified, defined, and considered in this report;

10. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been specified, defined and considered in this report;
11. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or federal governmental or private entity or organization have been or can be obtained or renewed for any use on which the demand estimate is based;
12. The appraiser will not be required to give testimony or appear in court because of having made this report, unless arrangements have previously been made;
13. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the intended users without the written consent of the appraiser, and in any event, only with properly written qualification and only in its entirety;
14. The liability of the appraiser is limited to the intended users only. There is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the intended users, they shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions;
15. Acceptance and/or use of this report constitutes acceptance of the foregoing assumptions and limiting conditions.

## SECTION IX

### APPRAISER'S CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
- I have no (or the specified) present or prospective interest in the market that is the subject of this report, and I have no (or the specified) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the within the market of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal consulting assignment.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the market that is the subject of this report.
- **Robert Odell** provided significant real property appraisal or appraisal consulting assistance to the person signing this certification.

By: **Steve Sillimon**-Certified General Real Estate Appraiser # RA003250  
Missouri Housing Development Commission

January 23, 2008